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Gorbachev Meets Resistance To Plans for Changing Party

By Michael Dobbs

MOSCOW — Kremlin conservatives mounted a last-ditch assault Tuesday against proposals by President Mikhail S. Gorbachev, suggesting that his economic and political changes had brought the country to the brink of disaster.

The emotional exchanges between conservatives and radicals forced a one-day extension of a crucial meeting of the Communist Party's policy-making Central Committee.

But Kremlin spokesmen denied that Mr. Gorbachev was in political danger and predicted that the meeting, called to draft a new party program, would end with an endorsement of his main proposals for change.

Yegor K. Ligachev, a member of the ruling Politburo and the most prominent spokesman for the conservatives, was loudly applauded

Weighted down by a domestic 'new deal,' Gorbachev is likely to pursue pragmatism abroad. Page 6.

after criticizing "serious errors and mistakes" committed under Mr. Gorbachev's leadership.

His speech, carried by the Tass press agency, effectively laid out his policy differences with the Soviet leader, particularly in the field of agriculture for which he is personally responsible.

Change-minded members of the Central Committee counterattacked by calling for more radical shifts, including the rapid introduction of a multiparty system and a market economy. Most speakers, including some conservatives, supported a call by Mr. Gorbachev for the Communist Party to give up its constitutionally guaranteed power monopoly.

Despite discontent and frustration voiced by many senior Communist Party officials, Mr. Gorbachev's supporters have reduced the likelihood of a successful conservative rebellion by their careful stage-management of the plan.

Although the proceedings are taking place behind closed doors, a full transcript is being published in the press. Soviet television reporters have also been given license for the first time to buttonhole Central Committee members as they emerge from the Kremlin for interviews on the political struggle underway inside.

In one such interview, the change-minded prime minister of the Baltic republic of Estonia, Indrek Toome, said he had been surprised by the number of hard-line calls for a general "tightening of the screws." But he expressed con-

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Fredrick Langguth/Reuters



Don Miller/Reuters

Scrambling to get news of the Central Committee session, reporters besieged Gennadi I. Gerasimov, the Soviet spokesman, above, on Tuesday. A participant willing to brief the press, Svyatoslav Fyodorov, left, a leading eye surgeon, spoke with reporters beneath the Kremlin wall.

In the Old Guard, a Vision of an 'Orgy of Chaos'

By David Remnick

MOSCOW — The Soviet Union is waiting to find out whether the leadership of the Communist Party is really prepared to give up its guaranteed control over nearly every aspect of public life and begin to compete for leadership in a transformed political system.

Many of the conservative speeches at the current plenary session of the party's Central Committee, which will continue for a third day Wednesday, have the desperate sound of an isolated old guard in a last-ditch attempt to resist demise. The conservative Leningrad party boss, Boris Gidaspov, warned that radical political change was helping to plunge the country into an "orgy of chaos."

At least one retired member of the old guard, Geidar Aliyev, a Brezhnevite and a former Politburo member, was having a hard time accommodating the idea that his party might be ready to give up its leading role.

"This is all a little hard for people like me to accept psychologically," Mr. Aliyev said.

But for all the anger and bewilderment among the conservatives, President Mikhail S. Gorbachev and his supporters in the liberal and moderate wings of the party appear united in their determination to end its constitutional guarantee of power. Prime Minister Nikolai I. Ryzhkov even told the plenum that the establishment of a multiparty system in the Soviet Union was a "fait accompli."

Mr. Gorbachev may have come eventually to the conclusion that the country could benefit from an end to the party's monopoly on power, but it is clear that current realities accelerated his thinking.

Just last month he spent a long weekend in Lithuania trying desperately to persuade the Lithuanian Communist

NEWS ANALYSIS

Party to reverse its decision to break with Moscow and the republic.

In Lithuania, Mr. Gorbachev campaigned hard for party unity. Yet he could not fail to recognize that it was the Lithuanian party's decision to declare itself independent that made it once more a viable political force in a republic where the Sajudis movement, the Social Democrats, the Democrats and other parties are competing.

Mr. Gorbachev repeatedly glibly brushed off the Lithuanian party leader, Algirdas Brazauskas, for breaking with Moscow. But now the Soviet leader has moved closer to Mr. Brazauskas's position. At the Central Committee this week, Mr. Gorbachev has decided to take a route much like that of the Lithuanians, attempting a radical revamping of the party to regain for it a measure of credibility and initiative.

If the Baltic states can be taken as a kind of avant-garde in the overall course of political change, it is doubtful whether Mr. Gorbachev's attempts to revamp the party will stop the steady flow of resignations and defections.

Although he advertises his party as the "initiator of reform," many people in the Baltic republics and elsewhere are convinced that the Communists are so degraded by their own history that further economic and political change will require new parties.

Dainis Ivas, leader of the Latvian Popular Front, said in an interview that he had turned in his party card. Marju Lauristin, a legislator and leader of the Estonian Popular Front, also has left the Communists, and has become a leader of the new Social Democratic Party.

Assuming that Mr. Gorbachev can at least get the Central Committee to agree in principle to give up its guaranteed leading role, the next question will be the meaning of such a move in the day-to-day political life of the Soviet Union.

Even some of the party's leading radicals say that the transformation of its status is in many ways as dangerous as it is promising.

In an interview, Len Karpinsky, a party member and prominent columnist for the liberal weekly the Moscow News, refuted the notion that the repeal of the party's constitutionally guaranteed role would lead quickly to an effective multiparty system. He called the idea "a romantic mistake."

Mr. Karpinsky said: "The heart of the party, its reformers and leaders, cannot just decide to pick and leave behind a huge apparatus which still has a grip on every

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Kohl Proposes Monetary Union

U.S. Agrees Bonn Offers To Genscher East Berlin NATO Plan Talks Now

By Joseph Fitchett

Secretary of State James A. Baker 3d and the West German government agreed in general terms that a united Germany should belong to NATO, without allied forces advancing into territory that is now East Germany, a senior U.S. official was quoted saying Tuesday.

The swift U.S. concurrence in the plan proposed last Friday by Foreign Minister Hans-Dietrich Genscher of West Germany underscored a mounting sense of urgency in Bonn and Washington about political steps to cope with the increasingly imminent likelihood of German reunification, diplomats said.

This broad concept of a future Germany's military status will be put to Soviet leaders by Mr. Baker in talks in Moscow starting Wednesday, according to journalists traveling with Mr. Baker. He arrived in Prague on Tuesday.

According to this scenario, Soviet troops would remain in eastern parts of an emerging new German state during a transition period.

The reported provision for Soviet troops, designed to reassure Moscow that the change would be orderly and also to provide some face-saving delay for the Soviet leadership, was described by U.S. officials as a speculative feature in a plan still in outline.

The Bush administration has also sought to smooth the way to German reunification by publicly trying to dispel any impression that Washington wanted to make continuing membership in NATO a precondition of German reunification.

The United States also has agreed in principle to take part in a 35-nation meeting this year under the auspices of the Conference on Security and Cooperation in Europe, to help shape German developments in ways that do not alarm other European nations and the Soviet Union.

"Rushing developments" in the Germanys have disconcerted many allies, a U.S. official said, so "we agreed to this summit sought by Europeans once we were sure that it would not amount simply to a way of delaying German unification."

The United States has made a summit meeting contingent on a treaty reducing Warsaw Pact forces

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By Richard E. Smith

FRANKFURT — Chancellor Helmut Kohl, signaling a growing fear that East Germans will abandon their ailing state, proposed Tuesday talks on monetary union in what constituted West Germany's most far-reaching offer of help since the fall of the Berlin Wall.

"The West German government is prepared to enter into immediate negotiations with East Germany on a currency union with economic reforms," he said after meeting with parliamentary members of his governing coalition.

Although Mr. Kohl cautioned that no currency union would be possible before East Germany's elections on March 18, he said that Bonn wanted to act as quickly as possible to bolster hopes in East Germany and encourage people to stay home rather than emigrate to the West.

In an initial reaction, the East German government's deputy spokesman Ralf Bachmann told Reuters that his country was not opposed to Mr. Kohl's proposal in principle.

While West Germany is not allowed to unilaterally make any adjustments to the political or military situation without approval from the Allied powers, it appeared that Bonn is being allowed considerable room for maneuver in the economic sphere.

Aside from its urgent interest, West Germany is also the only country with the financial means available to orchestrate an adequate response to the challenge. Sources in Bonn said that Finance Minister Theo Waigel is expected to present a budget for 7 billion Deutsche marks (\$4.17 billion) in aid for East Germany this year.

Mr. Kohl's proposal could possibly mean a union contrasted sharply with statements by the central bankers of East and West Germany who met in East Berlin on Tuesday.

"We both believe it would be premature to consider such a far-reaching step at this stage," said the Bundesbank's president, Karl Otto Pöhl.

Both he and East German State Bank President Horst Karminsky claimed that monetary union could only be effective if it were part of a much broader program including price and tax reforms.

"It is not with monetary measures alone that we can resolve East Germany's problems," said Mr. Pöhl, adding that it "will certainly take a long time" for East Germany's currency to achieve convertibility with the Deutsche mark.

Although the Bundesbank is independent of the federal government in monetary matters, it would have to accede to political will in a matter of such overriding national importance. In a similar situation, the Bundesbank has accepted the decision by European Community politicians to work toward monetary union in spite of deep misgivings about the form such union would take.

In the debate about monetary union with East Germany, West German politicians have so far made a point of demanding that the Bundesbank be firmly in control of monetary policy in any union.

Mr. Waigel, the finance minister, in a statement last Friday which probably helped set the stage for Mr. Kohl's proposal, insisted on the Bundesbank's dominant role when he offered East Germany the possibility of adopting the mark as its own currency.

Mr. Kohl's offer late Tuesday came in the wake of a chorus of similar proposals from both East and West German politicians lobbying for one form or another of monetary union.

The Communist Party chief Gregor Gysi was quoted in a newspaper interview as saying that "I believe we need a monetary union first and then an economic union," though he pleaded to retain the "dominance" of state-owned property.

Economics Minister Helmut Haussmann of West Germany said that the two countries could set an aim for themselves of achieving an economic and currency union by the beginning of 1993, when the European Community hopes to achieve a single market.

"Time is pressing," he said.

Wolfgang Berghofer, the mayor of Dresden who recently left the Communist Party, called, at a businessmen's symposium in Davos, Switzerland, for immediate currency convertibility at an exchange rate of four East German marks to one Deutsche mark, as well as a renunciation by East Germany of financial sovereignty.

The East German economics minister, Christa Luft, in a move indicating the growing desperation in her country, appealed for interest-free aid of as much as 15 billion DM

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Kiosk Jaruzelski Cites Rights Errors

GENEVA (WP) — President Wojciech Jaruzelski of Poland, in what United Nations officials said was a first for an East European leader, told the UN Human Rights Committee on Tuesday that both he and his country had erred in the field of human rights in the past decade.

But both he and the country have put these "serious deviations" behind them, and are fully committed to upholding the rule of law, General Jaruzelski told the committee.

Officials said they could not recall an East European head of state ever publicly accepting responsibility for human rights transgressions.



Allen A. Bossak, who said that Nelson Mandela would leave prison if South Africa released him. Page 2.

General News
Ronald Reagan refused to turn over portions of his diary for use in John Pinderick's lawsuit. Page 5.

Business/Finance
Eastman Kodak announced a \$60 million loss in the fourth quarter. Page 9.

Dow Jones	The Dollar
2,806.31	DM 1.957
Down 18.21	Yen 145.26
	FF 5.642

Banks in Panama Resist U.S. Over Drug Profits

By Stephen Labaton

NEW YORK — Officials of the new Panamanian government are resisting U.S. pressure to change the banking laws that made the country a haven for enormous illicit-drug profits before Manuel Antonio Noriega was removed from power.

"The only problem of money laundering in Panama is the newspapers that mention that Panama is a big money-laundering center," Edgardo Lasso Valdes, president of the Panamanian banking association and one of the country's seven biggest bank commissioners, said.

"To be honest, we don't feel there is any problem."

But a State Department official said in Panama that the existing banking and money-laundering laws "are grossly inadequate" and the United States is strongly urging Panama to revise them.

A fight in the U.S. Congress over the matter appears inevitable.

A review of Panamanian banking records and court documents showed that many of the senior leaders of the new government, while never accused of money laundering, nonetheless have had

strong ties to corrupt banks, several of which have either been indicted for money laundering or have been shut down because of pressure from the United States.

The nation's new president, Guillermo Endara, has for years been a director of one of the Panamanian banks used by Colombia's Medellin drug traffickers.

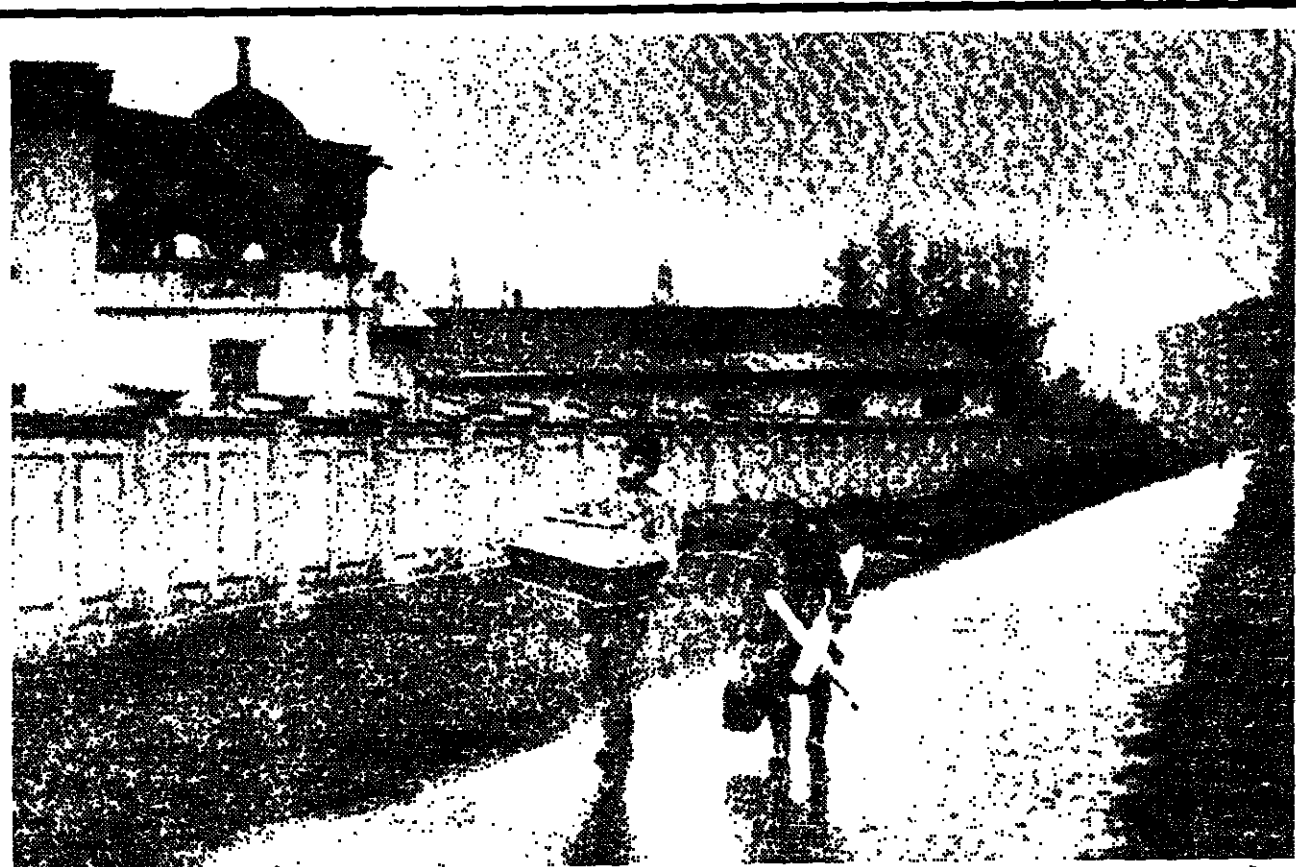
Guillermo Ford, the second vice president and chairman of the banking commission, is a part owner of the Dadeland Bank of Florida, which was named in a court case two years ago as a central financial institution for one of the biggest Medellin laundries, Gonzalo Mora.

Rogelio Cruz, the new attorney general, has been a director of the First Interamericas Bank, owned by Gilberto Rodriguez Orjuela, one of the bosses of the Cali drug gang in Colombia.

There is no evidence that Mr. Endara, Mr. Ford, Mr. Cruz, or other current leaders were aware of or involved with the illegal operations carried out at the banks to which they have ties.

But officials of the Drug En-

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BURDENS OF GRIEF — Parents carrying a casket and cross as they arrived at a Bucharest hospital Tuesday for the body of their baby, who had died of AIDS. An international team of experts is assessing a Romanian AIDS epidemic among children. Page 2.

Taking U.S. Pulse on Japan: 'Real Erosion' of Friendliness

By Michael Oreskes

NEW YORK — The percentage of Americans expressing negative views of Japan has increased significantly in recent months, according to the latest Times/CBS News Poll as well as additional interviews with ordinary Americans and leading Japan-watchers.

This rise in unfriendly feelings appears to be fueled by two factors: the purchase of control of U.S. landmarks like Rockefeller Center and Columbia Pictures Entertainment Inc. by Japanese investors and the end of the Cold War.

It is the trend, more than the raw numbers, that has alarmed some politicians and political analysts.

Sixty-seven percent of those polled still say they have generally friendly feelings toward Japan, according to a Times/CBS News Poll of 1,557 Americans taken by telephone Jan. 13-15. That is down from 74 percent in a CBS News Poll last June and 87 percent in a Times/CBS News Poll in 1985.

A quarter of Americans now say their feelings about Japan are "generally unfriendly," up from 19 percent in June and 8 percent in 1985, the latest poll found. Older Americans, those with more direct memories of World War II, are more likely than younger ones to express negative views toward Japan. Nearly one in five younger Americans say they have an unfavorable view.

The newest increase comes after several years in which unfriendly opinion was essentially stable.

"There is a real erosion in the popular mood about Japan," said Professor Gerald Curtis, an East Asia expert at Columbia University.

In follow-up interviews after the poll, Americans made it clear that highly visible Japanese investments here are fueling an anxiety that they are losing control of their own country and culture.

Furthermore, the collapse of the Soviet bloc has freed them from fear of communism and allowed them to turn their anxieties toward what they see as their own nation's slipping economic strength.

Richard C. Holbrooke, who was President Jimmy Carter's assistant secretary of state for Far Eastern affairs, said the results were ominous and could seriously

complicate an already difficult relationship between Washington and Tokyo.

Even around Portland, Oregon, an area that has prospered on trade with the Pacific rim, Representative Les AuCoin, a Democrat, says he is hearing protectionist sentiment from corporate executives and other people who a few years ago sang the praises of free trade.

The rising anxieties are already increasing the pressure for stronger rhetoric on trade issues, politicians reported. That could well fuel the growing resentments in Japan toward Americans while raising expectations here for economic improvements. Such a cycle, as Mr. AuCoin pointed out, could make it that much harder for political leaders in both countries to agree on the economic ac-

tions needed to solve the very problems that have provoked the anxieties in the first place.

"You have a dynamic in both countries that brings out the worst in both," said Mr. AuCoin. "There can only be catastrophe at the end of that unless something comes out and turns it around."

Interestingly, there was very little regional variation in attitudes toward Japan. More affluent or better educated people were somewhat more likely to express friendly attitudes.

Some Japanese politicians and writers, noting that the British, not the Japanese, are the largest overseas investors in the United States, have perceived racial motives in the far stronger reaction toward Japan.

'Release Is Not in His Own Hands,' Mandela Associate Says

By Christopher S. Wren

CAPE TOWN — Nelson Mandela is pressing the government for further concessions before he gains his freedom, a visitor to his prison bungalow said Tuesday.

But the Reverend Allan A. Boesak, who visited Mr. Mandela for three and a half hours at the prison farm where he is being held outside Cape Town, told journalists afterward that Mr. Mandela would not refuse to leave if the government did not meet his demands.

"If they come in and say, 'We are releasing you,'" Mr. Boesak said, "he will not hang onto the chains and tables and kick and say, 'I won't come out.'"

But he said Mr. Mandela would tell the world later that he was unsatisfied with the circumstances of his release.

In a speech to Parliament on Friday, President Frederik W. de Klerk promised the unconditional

release of Mr. Mandela soon. He also lifted bans on the African National Congress and other opposition organizations, as part of a package of changes.

Mr. Boesak reported that Mr. Mandela thought Mr. de Klerk's speech was "courageous and bold and hopeful." But he said Mr. Mandela told him that Mr. de Klerk had not done enough.

He said Mr. Mandela wanted the national state of emergency lifted and all political prisoners released. Mr. de Klerk repeated press restrictions and some other elements of the state of emergency but left the legislation in place.

Mr. de Klerk also freed some prisoners, but only those held for membership in the previously outlawed groups, not those imprisoned for violent acts against the state.

The account given by Mr. Boesak, who heads the World Alliance of Reformed Churches, explained in part why Mr. Mandela remained

in prison four days after Mr. de Klerk promised his release.

On Sunday, Mr. Mandela's wife, Winnie, visited him and spoke to reporters afterward of "obstacles" to her husband's release, for which she blamed the government.

This prompted Thabo Mbeki, the foreign affairs secretary of the African National Congress, to say in Stockholm on Monday that "I'm sure Winnie misunderstood him." Mr. Mbeki said Mr. Mandela's goals did not constitute conditions for his release.

Mr. Boesak emphasized Tuesday that Mr. Mandela remained a prisoner. "He made very clear that his release is not in his own hands," Mr. Boesak said. "It is the responsibility of the South African government to release him."

If the government tarried too long, Mr. Boesak said, it would start losing the goodwill that Mr. de Klerk's speech had generated.

Senior ministers insisted that the government was not delaying Mr. Mandela's freedom.

"The government meant what it said when it said it was going to release him unconditionally," said Gerrit Viljoen, minister of constitutional development, at a press conference Tuesday.

"Don't believe people who say to you that the decision rests with the South African government," Foreign Minister R.F. Botha said.

It has appeared recently that Mr. Mandela has the upper hand in his dealings with the government, by virtue of his prominence.

The government has not rejected his demands, because it is seeking his cooperation in initiating negotiations with blacks about a new constitution. Such a document would seek to give blacks a measure of power without threatening the interests of the white minority.

Mr. Mandela's attorney, Dullah Omar, said in Cape Town on Tuesday that the nationalist leader was

drafting a reply to Mr. de Klerk's speech. Mr. Omar did not say when it would be sent or whether a copy would be released to the press.

Walter Sisulu, a comrade of Mr. Mandela's from the African National Congress, said that the government could take some "simple" steps to improve the climate for negotiations. Mr. Sisulu mentioned specifically the unhampered return of all exiles and the withdrawal of white troops stationed around black townships.

The government said anyone in exile was free to come home as long as he had not been charged with a crime. This has not satisfied the African National Congress because it excludes those in its guerrilla wing, who could be accused of terrorism and murder because they joined the armed struggle against South Africa.

South African officials have advised the exiles to check with the nearest South African Embassy to

learn whether they face criminal charges. The ANC finds this proposal humiliating and wants an unconditional amnesty for exiles.

Mr. Botha suggested Tuesday that there might be some flexibility in the government's position. "If the ANC is not happy with the way we formulated it," he said, "then we can say, 'Let's discuss it.'"

Mr. Viljoen, whom Mr. de Klerk has assigned to prepare for negotiations with blacks, said Friday that the issue of troops in the townships was not valid because most had pulled out and the rest would be leaving soon.

Foreign Minister Botha said Tuesday that what remained of the state of emergency, which was imposed in June 1986, was needed to ensure order during a period of major change. If the government removed it and then reimposed it because of violence, he said, criticism would be even harsher.

WORLD BRIEFS

U.S. Offering Prague Economic Aid Similar to Poland-Hungary Packages

PRAGUE (Combined Dispatches) — Secretary of State James A. Baker 3d offered Czechoslovakia a package of economic assistance on Tuesday similar to that provided by Washington to Poland and Hungary. The offer is intended to help the new leaders in Prague consolidate their revolution and establish a free market democracy.

The program was part of a broader set of proposals, contained in a speech Mr. Baker will deliver here Wednesday, outlining U.S. thinking on how "Czechoslovakia and its neighbors in central and eastern Europe can move from revolutions to lasting democracies."

In a speech at Charles University early Wednesday, Mr. Baker is expected to say the United States would immediately grant Czechoslovakia a waiver of the Jackson-Vanik amendment, which limits U.S. trade with nations that restrict immigration.

The United States would also support a proposal to have the European Development Bank located in Prague. The bank would promote economic growth in the newly emerging democracies. Mr. Baker said Czechoslovakia will immediately be made eligible for commodity credit programs and added that a U.S. consulate will be opened in Bratislava, the capital of Slovakia and the nation's second largest city. (NYT, UPI)

Aspin Chides Bush's Military Budget

WASHINGTON (AP) — The chairman of the House Armed Services Committee charged Tuesday that the Bush administration's \$292.1 billion military budget falls "to match the new political realities at home or abroad."

Representative Les Aspin, Democrat of Wisconsin, said the administration's argument that it needed a modernized force to get a U.S.-Soviet agreement on reducing strategic weapons no longer holds true.

"You can get an arms control agreement without a robust" strategic budget, Mr. Aspin said, noting economic pressures in the Soviet Union to reduce military spending and congressional opposition to the administration's proposed increase in strategic programs. But Defense Secretary Dick Cheney said that without a strong strategic budget, the United States might get a poor agreement that would not serve its best interests.

Male Lung Cancer Deaths May Drop

NEW YORK (AP) — The number of lung cancer deaths among men is expected to drop this year for the first time since at least 1953.

In its annual Cancer Facts and Figures, the American Cancer Society predicted that 92,000 men will die this year of lung cancer, down from 93,000 last year and the first decline since the projections began 37 years ago. About 50,000 women will die of lung cancer, up from 49,000 last year.

Lung cancer will account for 142,000 of the 510,000 cancer deaths this year, the society said. The main risk factors include smoking and exposure to radon, radiation, asbestos, arsenic and other chemicals.

Bulgaria Disbands Its Secret Police

SOFIA (Reuters) — Bulgaria said Tuesday that the secret police had been disbanded in a shake-up aimed at helping the country rid itself of its hard-line Communist past.

"The traditional state security structures have been disbanded," Interior Minister Atanas Semerdziev said at talks between the government and opposition parties in Sofia. "The law enforcement authorities will become new and modern bodies independent of any political party and guided solely by the interests of the people and the state," the BTA press agency quoted him as saying.

Mr. Semerdziev said the reorganization also included the creation of a new national intelligence service that would operate with a much smaller staff than that of its predecessor. He also reassured those present that their phones were not tapped and he signed a declaration that no listening devices had been installed in the offices of the Union of Democratic Forces opposition group.

Aoun Claims Victory North of Beirut

BEIRUT (Reuters) — Major General Michel Aoun's troops claimed their biggest success in the battle for Lebanon's Christian enclave Tuesday with the capture of strategic positions in the coastal town of Dbyeh north of Beirut.

Military sources said the general's army had captured heights overlooking Dbyeh. From there, they had a clear view of Jounieh to the north, and of Lebanese Forces artillery batteries to the northeast. Since Sunday, the Aoun army has directed a barrage on seven Lebanese Forces barracks in the Dbyeh area. On Tuesday, the general's men fired 24-missile salvos of 122mm rockets into the town to back their assault.

The fighting among the Christians, in which at least 300 people have been killed and more than 1,300 wounded, erupted Jan. 31.

TRAVEL UPDATE

Strikes engulfed Greece on Tuesday, with power blacked out in Athens and port operations disrupted. With bus and trolley drivers refusing to work during rush hours, long lines formed at bus stops. A four-hour stoppage by air traffic controllers planned for Thursday was expected to delay about 1,000 international and domestic flights at the country's 30 airports. (Reuters)

Travelers to Cyprus have been advised by the U.S. State Department that the government of the Republic of Cyprus has designated Larnaca and Paphos international airports and the seaports of Larnaca, Limassol and Paphos as the country's only legal ports of entry and exit. Those ports are in southern Cyprus and are controlled by Greek Cypriots. (ITT)

A joint venture in Moscow called Auto Sun has been formed by Marubeni Corp. of Japan and Soviet transport authorities to offer services to foreign people, a company spokesman said Tuesday. The venture is to cost \$4 million, and the fleet is to rise to 150 vehicles from 80 in a year, the spokesman said. Moscow has about 15,000 taxis. (AFP)

Pan Am said members of WorldPass, the airline's frequent traveler program, will be entitled to double or triple mileage on most Pan Am flights. It said triple mileage will be offered to those flying between Feb. 5 and April 15 within the United States, the Caribbean, and between the United States and the Caribbean, Bermuda or Mexico. For international travelers, double mileage will apply to trans-Atlantic flights, within Europe, and between Europe, India, Pakistan and Africa. (Reuters)

Delta Airlines will start nonstop service April 1 between Dallas/Fort Worth and Pensacola, Florida and between Dallas/Fort Worth and Fort Myers, Florida.

The price of hotel rooms in Singapore is expected to rise 20 to 50 percent this year, Ricky Goh, president of the Singapore Hotel Association, said in an interview. (AFP)

Portuguese air controllers announced Tuesday they would stage a five-day strike Feb. 14 through Feb. 18. The Portuguese news agency Lusa reported. Controllers agreed to the third strike in three months after the state-controlled airport management company ANA rejected their demands for salary increases of 22.4 percent and new jobs at the Santa Maria air control center in the Azores. (AP)

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	11	4	F	Bangkok	34	27	bc
Athens	11	4	F	Beijing	15	8	F
Berlin	11	4	F	Hong Kong	28	21	bc
Bombay	14	7	F	Kobe	15	8	F
Buenos Aires	14	7	F	Manila	23	17	bc
Calcutta	14	7	F	Osaka	15	8	F
Cairo	14	7	F	Seoul	23	17	bc
Cardiff	14	7	F	Singapore	23	17	bc
Chennai	14	7	F	Taipei	23	17	bc
Copenhagen	14	7	F	Tokyo	23	17	bc
Dallas	14	7	F				
Dublin	14	7	F				
Edinburgh	14	7	F				
Geneva	14	7	F				
Helsinki	14	7	F				
London	14	7	F				
Luxembourg	14	7	F				
Madrid	14	7	F				
Moscow	14	7	F				
Munich	14	7	F				
Nice	14	7	F				
Paris	14	7	F				
Prague	14	7	F				
Rome	14	7	F				
Stockholm	14	7	F				
Vienna	14	7	F				
Zurich	14	7	F				
MIDDLE EAST				AFRICA			
	HIGH	LOW			HIGH	LOW	
Abuja	14	7	F	Algiers	22	15	bc
Accra	14	7	F	Cairo	22	15	bc
Aden	14	7	F	Conakry	22	15	bc
Algiers	14	7	F	Dakar	22	15	bc
Amman	14	7	F	Harare	22	15	bc
Ankara	14	7	F	Libreville	22	15	bc
Antananarivo	14	7	F	Lima	22	15	bc
Asmara	14	7	F	London	22	15	bc
Bamako	14	7	F	Los Angeles	22	15	bc
Bangalore	14	7	F	Madrid	22	15	bc
Batavia	14	7	F	Mexico City	22	15	bc
Bombay	14	7	F	Paris	22	15	bc
Buenos Aires	14	7	F	Rio de Janeiro	22	15	bc
Calcutta	14	7	F	Sao Paulo	22	15	bc
Cairo	14	7	F	Singapore	22	15	bc
Cardiff	14	7	F	Taipei	22	15	bc
Chennai	14	7	F	Tokyo	22	15	bc
Copenhagen	14	7	F				
Dallas	14	7	F				
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Moscow	14	7	F				
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Paris	14	7	F				
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Rome	14	7	F				
Stockholm	14	7	F				
Vienna	14	7	F				
Zurich	14	7	F				
OCEANIA				LATIN AMERICA			
	HIGH	LOW			HIGH	LOW	
Auckland	14	7	F	Buenos Aires	22	15	bc
Bombay	14	7	F	Cairo	22	15	bc
Buenos Aires	14	7	F	Conakry	22	15	bc
Calcutta	14	7	F	Dakar	22	15	bc
Cairo	14	7	F	Harare	22	15	bc
Cardiff	14	7	F	Libreville	22	15	bc
Chennai	14	7	F	Lima	22	15	bc
Copenhagen	14	7	F	London	22	15	bc
Dallas	14	7	F	Los Angeles	22	15	bc
Dublin	14	7	F	Madrid	22	15	bc
Edinburgh	14	7	F	Mexico City	22	15	bc
Geneva	14	7	F	Paris	22	15	bc
Helsinki	14	7	F	Rio de Janeiro	22	15	bc
London	14	7	F	Sao Paulo	22	15	bc
Luxembourg	14	7	F	Singapore	22	15	bc
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Moscow	14	7	F	Tokyo	22	15	bc
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Prague	14	7	F				
Rome	14	7	F				
Stockholm	14	7	F				
Vienna	14	7	F				
Zurich	14	7	F				

WEDNESDAY'S FORECAST — CHANNEL 4: HAVRE, FRANCE: Variable, Temp. 12-14 (21-55). LONDON: Partly cloudy, Temp. 12-14 (54-57). MADRID: Partly cloudy, Temp. 12-14 (54-57). PARIS: Partly cloudy, Temp. 12-14 (54-57). ROME: Partly cloudy, Temp. 12-14 (54-57). SYDNEY: Partly cloudy, Temp. 12-14 (54-57). TOKYO: Partly cloudy, Temp. 12-14 (54-57).

Communism's Collapse Casts Doubt on U.S. Base

By Alan Riding

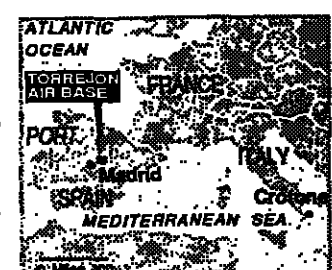
TORREJON, Spain — In the early-morning haze, unperturbed by distant talk of military cuts and disarmament, young U.S. pilots roared pairs of sleek F-16s along the runway of this air base outside Madrid and headed off to train for war.

In a hangar, U.S. technicians overhauled one of the supersonic fighter-bombers that in an emergency would be flown to forward-deployment bases in Italy or Turkey and if necessary loaded with nuclear weapons for strikes inside enemy territory.

But inside the headquarters of the U.S. 16th Air Force, the crumbling of communism in Eastern Europe has created a different challenge, giving new urgency to the need to justify the enormous cost of keeping the 401st Tactical Fighter Wing stationed in Europe.

The choice is not simply between maintaining or closing an expensive base far from home. When the United States and Spain renewed their military agreement in 1988, Madrid demanded that the 401st and its 72 F-16s leave Torrejon Air Base by May 1992. And Washington reluctantly agreed.

Rather, with Italy offering to inherit the wing as part of its



International Herald Tribune

commitment to the North Atlantic Treaty Organization, the question now is whether circumstances still justify spending close to \$1 billion on the construction of an entirely new base at Crotone in Calabria.

"People wonder why spend all this money when the Soviets are suddenly peace-loving, but there are good reasons to do so," a U.S. military expert at NATO headquarters in Brussels said.

"The 401st is the only U.S. tactical wing in all of southern Europe, and NATO wants it there."

In fact, in an unusual example of burden-sharing, NATO has agreed to contribute \$827 million out of its infrastructure fund toward the cost of the new base. The United States will operate Crotone, but its 28 percent share of the infrastructure fund comes to only \$231 million.

Yet already last November, when the crisis in the Soviet bloc was still gathering momentum, Congress balked at a Defense Department request for \$470 million — and eventually approved only \$360 million — to cover its part of NATO's bill as well as the extra cost of housing, commissaries and recreation facilities.

Now, with military cuts possibly resulting in the closing of some air force bases in the United States, military experts on Capitol Hill say they believe that the decision to go ahead with Crotone may come under fresh attack.

Major General Gerald A. Daniel, commander of the 16th Air Force, says he believes Crotone is indispensable because change in Eastern Europe is also bringing instability.

"This could cause situations distasteful for all sides," he said. "We therefore have to maintain the security and defense capability created since World War II by the alliance."

On NATO's southern flank, the role of Torrejon's three squadrons has been to provide a nuclear deterrent as well as air-to-ground and air-to-air capabilities, he said.

And without them, the United States would have no strike potential in an area stretching from Portugal to Turkey. Based in Crotone, though, the F-16s will be

even closer to potential conflict zones.

The cost of building Crotone is also the price being paid by NATO to keep Spain in the alliance. Having long opposed Spain's membership in NATO, Prime Minister Felipe Gonzalez reversed himself before a referendum here in 1986.

But to win support for his new position, he pledged the withdrawal of U.S. aircraft that have been stationed at Torrejon since 1956. In negotiations preceding the eight-year military cooperation agreement signed by Washington and Madrid in November 1988, Spain was inflexible on this point.

Although Spain remains outside NATO's integrated military command structure, the tensions that accompanied negotiations on the defense agreement have eased.

"We train with the Spanish from time to time and expect to see more air force to air force contacts in future," General Daniel said.

These could bear fruit as the date for leaving Torrejon approaches, not only because the Spanish Air Force will be taking over the entire base and hopes to acquire some U.S. equipment at a good price, but also because the United States is going to have

difficulty meeting the deadline barely 27 months away.

The problem, said Colonel James L. Mathers, commander of the 401st Wing, is that construction work at Crotone has yet to begin, and the base may take up to six years to build.

"So we will go somewhere else in the meantime, some temporary place that has the capacity to take us," he added, refusing to divulge which bases were being considered.

One defense expert on Capitol Hill said he expected the argument to be made that, if some base capable of accommodating the 401st Wing already existed, Crotone was not necessary. The alternative might be for the United States to try to persuade Spain to extend its deadline, he said.

Yet the strongest assurance that Crotone will be built comes from the fact that, for the first time, the United States has involved NATO directly in planning and financing such a project.

"Most of the money will come from NATO's infrastructure fund, and with or without Crotone, the United States still has to pay its share of the fund," a U.S. official noted.

"This way, NATO is building a base for the use of one ally."

Chaos Fears Draw Romanians to Front

BRIEFS

Economic Aid

Hungary Package
Secretary of State James Baker announced a package of economic assistance to Hungary on Tuesday, outlining U.S. assistance to Poland and Hungary in central and eastern Europe.

Democracy
A set of proposals, announced Tuesday, outlining U.S. assistance to Poland and Hungary in central and eastern Europe.

Military Budget
The House Armed Services Committee on Tuesday approved a new political reality at home.

Deaths May Drop
Lung cancer deaths among men have fallen since at least 1993, according to the American Cancer Society. The year of lung cancer deaths is projected to drop from 1993 to 1994, up from 40,000.

Its Secret Police
Tuesday that the secret police in helping the country not to be a threat to the country.

North of Beirut
The U.S. State Department announced that it has designated Lebanon as a country of concern for human rights.

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NEXT GENERATION CHEMISTRY

Herald Tribune

Published With The New York Times and The Washington Post

Will Gorbachev Deliver?

This week's meeting of the Communist Party leadership in Moscow had been widely billed as do-or-die for Mikhail Gorbachev. If the precedents of his repeated crises are any guide, however, it is this month's crisis, and will be followed by next month's and the next month's after that. Mr. Gorbachev is schooled in turning the conflicts his programs generate to his own purposes. In this instance, he managed to focus the widespread public frustration with reform on the party's still-ensconced old managers and ways. A huge demonstration in the streets of Moscow on Sunday was arranged to dramatize his strategy. It appears that the staffing and style of a new party leadership will more faithfully reflect his penchant for dynamism and change.

And there is more. At the heart of Mr. Gorbachev's furious effort to remake the party has been a lingering hesitation to brook organized opposition to it and to accept an obligation to earn popular favor. He has chosen to exempt himself, for instance, from his demand that individual candidates compete for office. Still, he moved on Monday to a new place in readiness to contemplate political competitiveness by proposing that the Communist Party abandon its constitutional monopoly on power. Unfortunately,

he is vague about when this boon of a multiparty system might be introduced. "At a certain stage," he says. Perhaps Mr. Gorbachev feels that conditions are too unsettled now, or that voters would recall the Communist Party's seven-decade record of repression and calamity.

Meanwhile, he leaves his country saddled with a system that kindles expectations of democratic change but discourages their prompt fulfillment, that ensures neither accountable government nor rigorous policy review and that retards economic perestroika and at the same time denies formulation of a considered alternative to it. All of this is the stuff of subsequent crises.

Last week's hot Moscow rumor was that Mr. Gorbachev would abandon his job as party chief to run the country through his command of the state apparatus, which includes the partially elective new legislature. This would presumably leave the party to start withering away, but it turned out to be too good to be true, at least for now. He remains at the helm of a party that curbs the enervating competition he otherwise professes to prize. The pluralism he allows to flow in Eastern Europe he dangles tantalizingly but still rations at home.

—THE WASHINGTON POST.

Reaffirm the Borders

As the Cold War dam bursts, flooding both Germany with national emotion, stopping unification is like trying to hold back a wall of water. Soviet, European and American leaders have wisely decided to welcome the inevitable. But they have work to do with German leaders if they are going to reassure an uneasy Europe about German unity.

Before formal unification, they must get Germany to reaffirm its post-World War II borders and its earlier renunciation of nuclear weapons. Then they and the Germans will have to agree on lasting security arrangements for a transformed Europe. That means tackling difficult questions about the foreign armies on German soil, the limits on Germany's own military power and the relationship between Germany and NATO.

Secretary of State James Baker and Foreign Minister Hans-Dietrich Genscher made a good start at their meeting last Friday. Mr. Baker could advance the discussion this week with the Soviet foreign minister, Eduard Shevardnadze. At some point soon, the issues will need airing in a wider European context—perhaps this fall at the 35-nation Conference on Security and Cooperation in Europe.

Nearly everyone, in Germany and outside, accepts unification as inevitable but worries that it is moving too fast. The fast pace has deepened European concerns about a strong, united Germany. Washington and Germany's neighbors need to distinguish between the assurances they can obtain now, while they still have some leverage, and questions they can safely leave for later.

The immediate priority is to obtain assurances that Germany will live within existing borders and renounce nuclear weapons. Those are reasonable requests and should not offend German sensibilities. Inter-

national guarantees on both points can be worked out among the members of NATO and the East Europeans.

The East German government has called for a dismantled and neutral Germany. Its plan presupposes a radically transformed Europe. That could come about, but in the meantime a dismantled Germany could not defend itself and a neutral Germany would stand exposed and alone. Dismantling and neutrality have not reassured Germany or its neighbors in the past. They may not now.

The West German government wants to build a new security structure spanning both NATO and the Warsaw Pact. But that will take time. Meanwhile Germany would be allied with NATO, its army tied to NATO's command structure.

Could Germany live with this arrangement? The West German government thinks so. But reducing the West's military presence on German soil would make the plan more palatable. Otherwise, as the threat from East recedes foreign troops might begin to resemble an occupying army.

Would Moscow be prepared to accept unification with appropriate security arrangements? Yes, if NATO cooperates with the Soviets to lay East-West antagonisms to rest. Mr. Shevardnadze's endorsement of a continuing role for NATO is a sign that even the U.S.S.R. might prefer a Germany tied to NATO to a Germany left on its own. But Moscow would want deeper cuts in Western forces in Germany and a demilitarized eastern Germany before it withdraws substantial numbers of its own forces.

Germany will ultimately choose the security arrangements it wants. But it could allay its neighbors' anxiety by addressing their legitimate security concerns now.

—THE NEW YORK TIMES.

Mexico Makes a Deal

In a solemn ceremony at Mexico's National Palace last Sunday, the representatives of some 430 foreign banks signed the agreement that will lighten the Mexican debt. It was an event of great significance to President Carlos Salinas de Gortari, for it affirmed the wisdom of working with the international financial system rather than, in the destructive tradition of Mexican nationalism, fighting it. The moment was also highly important to the U.S. secretary of the Treasury, Nicholas Brady, for it was the first success of the debt relief plan to which his name is attached.

As politics it was a triumph, but in purely economic terms it earns a more restrained judgment. It will bring real benefit to Mexico, but it is far from a grand sweeping solution to Mexico's financial troubles. As in most of the debt countries (including the United States), a grand sweeping solution requires a reorganization of the internal economy. There, Mexico is doing an extraordinarily impressive job.

At the National Palace the politicians, as is their habit, used the word "historic" to describe the deal with the bankers. That is a bit, overdue. The really historic achievement has been Mexico's, in reforming its economic life—opening its markets to world competition, cutting subsidies, selling off inefficient enterprises, pushing budgets toward bal-

ance. Mexico has done far more to help itself than any other of the debtor countries (including, again, the United States), and that is why Mexico has a stronger claim to international respect than any other.

The agreement will indeed reduce Mexico's debt to the banks. But the size of the debt is not the central issue. The central issue is financing the country's growth—finding the capital to build modern industry. Reducing foreign debt is one way to do it, but even with this agreement Mexico will continue to have a large trade deficit that has to be balanced by foreign investment.

That is where the Brady plan's weakness lies. It gives banks incentives to reduce debt, but when banks are reducing old debts to a customer they get very reluctant to offer new loans. It is far to say that this agreement will give Mexico relief in one part of its international account but will make it harder to finance the remainder. Mr. Brady spoke enthusiastically of the other debtor countries that will be eligible for help under his plan. Or will they? Few have shown much inclination for the kind of hard and courageous adjustments through which Mexico has been moving. Debt concessions can make a difference to a country only when they are combined not with promises but with real and visible reform.

—THE WASHINGTON POST.

Other Comment

South Africa, Eastern Europe

The events which have been set in train in South Africa have the potential to match, in their implications for change, the upheavals in the Soviet Union and Eastern Europe. The cautious edging toward a more liberal, integrated society which began under President P. W. Botha seems poised to become a tidal wave of change [under] F. W. de Klerk. The parallel examples of Eastern Europe spring to mind. The pace of change in South Africa seems certain to follow a similar course of acceleration, outstripping cautious plans for steady, coordinated, perhaps limited change.

To attempt to reverse, repress black activists, re-ban political organizations and reimpose harsh emergency restrictions would surely guarantee a bloody confrontation.

—Australian Financial Review (Sydney).

President de Klerk's daring decision to loosen restrictions on black political activity has unleashed powerful and unpredictable forces among liberals and conservatives that will threaten to derail his reform agenda. The power-sharing negotiations he pledged to launch still seem very far away.

—Jack Reed, commenting for United Press International.

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OPINION

Radical Change Is Likely Soon in the Soviet Union

By Leon Aron

WASHINGTON—Mikhail Gorbachev's speech to the Central Committee calling for the surrender of the party's monopoly on power signals the onset of a two-month period that promises to be the most significant in Soviet political history since Stalin completed his seizure of power in 1929.

By the end of March, the country, which faces national catastrophe, may well be radically transformed.

Forces beyond anyone's control have been propelling the Soviet Union toward a fork in the road. There are only two turns. First, a true multiparty democracy, with unconditional return of land to the peasants and privatization of the economy. Second, abandonment of glasnost and a return to rigid economic centralization.

The middle course, perestroika—gradual democratization, gradual and contradictory decentralization of the economy, preservation of a benign one-party dictatorship—no longer satisfies the left or the right.

Mr. Gorbachev has long been accused by his radical supporters of being both the Pope and Luther. Now, apparently, he has finally chosen to imitate Luther by urging the party to reject any legal or political advantages and to struggle for power "strictly in the framework of the democratic process."

Severely factionalized and thoroughly discredited, the Communist Party has become an albatross around Mr. Gorbachev's neck. The pattern of Soviet public opinion in the last two years makes this unmistakably clear. Whenever he has been perceived as under attack by hard-liners, his popularity has soared. Whenever he has been seen as defender of the party, his popular support has plummeted.

In the circumstances, distancing himself from the party as much as he can is not merely the best way for Mr. Gorbachev to survive politically, it is perhaps the only way.

The potential catastrophe that the country and the leadership face is vast: a near total breakdown of the economy; a collapse of local party and state authority in the republics and the emergence of a Solidarity-like, rapidly politicizing workers' movement in the major mining regions; food shortages, which in some areas have caused the rationing of even potatoes; inflation, which by unofficial estimates just passed 20 percent and continues climbing; economic and political hostilities between Moscow and national republics, as well as warfare in Azerbaijan; a rapidly worsening energy crisis.

While radicals push for dramatic reform, hard-liners are bound to seek ways to prolong the one-party dictatorship. They cannot wait any longer. By May it might be too late to halt, much less reverse, the collapse of the political system, the demise of the Soviet domestic empire and the further evaporation of its former East European holdings.

Four developments may compel the hard-liners to try to strike soon—or vanish from the political scene.

First, the Supreme Soviet, which reconvenes this month, is likely to complete, victoriously, the assault that Mr. Gorbachev carried forward on Monday on Article 6 of the constitution, which guarantees the party's "leading role."

Second, elections are due in city, district and republic legislatures this month and next. No one doubts that apparent candidates will be swept from power.

Third, by the end of April newly institutionalized political structures will be in place in key independence-minded ethnic republics following popular elections: in Lithuania on Feb. 24, in Moldavia on Feb. 25, in

the Ukraine on March 4, in Latvia and Estonia on March 18 and in Georgia on March 25. Declarations of secession from the U.S.S.R. assuredly will follow soon thereafter. By that time the only means of preserving Moscow's domestic empire would be massive military intervention.

Even the hardest of the hard-liners would think twice about such action. The hostilities in Azerbaijan have brought home to Muscovites the price, in blood and treasure, of preserving the domestic empire. Moreover, the willingness of ethnic Russians to fight to the last soldier to preserve the empire is now seriously in doubt—and certainly the Estonians would not consent to send their young men to keep Uzbekistan in the U.S.S.R.

Finally, by the end of May, multiparty democracies will be institutionalized by popular elections in Hungary, Romania, East Germany, Bulgaria and Czechoslovakia. If Moscow decided to intervene to restore its East European empire, the political and military mechanics of such a reversal would be greatly complicated by the fact that the Soviet armed forces would be overturning the new status quo. Besides, the Kremlin can no longer

recount on Warsaw Pact forces to cooperate. If the more than 100,000 demonstrators who marched through Moscow demanding democratic changes on the eve of the Central Committee meeting symbolize the country's mood, the hard-liners have no future. The awesome aerial photographs of the marchers across the country's 11 time zones do not get their way, Mr. Gorbachev, or his successors, can count on increasingly violent political turmoil and ethnic strife.

The marchers bore their placards aloft through the Russian winter, which traditionally has been an important ingredient of political upheavals. The Russians tend to rebel in winter—from the Decembrists in 1825 to the revolution of 1905 to the overthrow of the Czar in 1917. Now, 1989-90 seems likely to be added to the history books.

The writer is a Soviet specialist at the Heritage Foundation. He contributed this comment to The New York Times.

MIKHAIL Gorbachev presides over the collapse of the Communist bloc, the sinking of the Soviet economy and the trashing of socialism as a moral, political and economic ideal. For this, Time makes him Man of the Decade. Ken Adelman, a certifiable Reaganaut, writes in American Enterprise that Mr. Gorbachev has changed all of us. Speak for yourself, Ken. Mr. Gorbachev has been skilled in shaping his own image. This has made him the most overrated man in the world.

Three big trends took off in the 1980s: the disintegration of communism, the resurgence of capitalism and the globalization of the

economy. The best that can be said for Gorbachev is that he acceded to one, communism's fall. But it's more accurate to say that he's been by this trend, bedeviled by it, compelled to cope with it any way he can.

That's also true of the other two. Capitalism's success makes communism's failure all the more glaring and painful. The globalization economy is the arena for advancing technology, and the Soviets aren't part of it.

Wladyslaw Pilecki, a Polish American Spectator says Mr. Gorbachev is the Victim of the 1980s, not the main man. I'll buy that.

—Fred Barnes in The New Republic.

South Africa: An Old Wind of Change Is Still Blowing Strong

By Flora Lewis

CAPE TOWN—It was 30 years ago that Harold Macmillan made his "wind of change" speech here. It signaled Britain's sweeping acceptance of decolonization, the dismantling of empires almost everywhere that had so changed the world. It was a warning to South Africa to abandon racism as the foundation of its society.

"Our policy," he said on Feb. 3, 1960, "is nonracial; it offers a future in which all will play their full part as citizens in the countries where they live and in which feelings of race will be submerged."

Two months later, after the Sharpeville massacre and crisis, South Africa banned the main black political organizations, driving them underground to a policy of violent resistance. So, in a sense, President F. W. de Klerk's "unbanning" and call for negotiations last week moves the situation back to where it was in 1960 when Hendrik Verwoerd was building the elaborate trappings of apartheid.

The English-language newspaper Argus said last weekend, "Looking back, it is clear that, on balance, Mr. Macmillan was right and Dr. Verwoerd was wrong. That is putting it mildly. There have been 30 years of tragedy and bitter hatred now to be overcome, and not everybody is yet prepared to believe it is possible or even desirable."

A Conservative member of Parliament, Louis Stofberg, puts the ultra-nationalist Afrikaner position, saying that "Verwoerd fought it all out for us." Calling Mr. de Klerk's shift "mere treachery," he told me it was due to a combination of "outside pressures" and a belief that "we can't afford this war any longer." He added: "We don't agree. We'd rather fight."

While there is a new surge of hope here for a peaceful solution at last, there is also a sense of danger ahead. If the attempt to work out a racialist state with human and democratic rights for all breaks down, there is not likely to be another chance before the catastrophe which has been on the horizon for so long. A lot more than the fate of South

Africans is at stake. An important if little noticed passage in Mr. de Klerk's speech offered "discussions with other southern African countries with the aim of formulating a realistic development plan." He called for a "joint program of reconstruction," and he said: "Unless the countries of southern Africa achieve stability and a common approach to economic development rapidly, they will be faced by further decline and ruin."

This is obviously part of the effort to break out of isolation and attract new capital on a basis that transcends moral and political rejection of South Africa's existing system. Yet it is a sound approach for the United States and other industrial countries in re-

viewing their attitude to South Africa, in terms of the whole region.

Once domestic negotiations are firmly engaged, parallel negotiations should be encouraged with the neighboring countries, most of them in dire shape. They, too, have been victims of South Africa's policies, as well as of their own. They, too, desperately need a healthy, cooperative South Africa to contribute to the whole area's advance. It is a role South Africa could embrace with energy and pride, an inspiring role to replace the narrow, beleaguered idea of holding out against surrounding enemies.

This is an extraordinarily beautiful, richly endowed country with the infrastructure and the skills to make a

huge contribution to the most sickly continent. Facts must be faced. In those 30 years since the "wind of change" brought the rest of sub-Saharan Africa to independence, there has been stagnation and deterioration almost everywhere.

South African cities now and do not envy the experience of others. For a long time, they were made and the sorry record veiled, but it cannot be denied. In a stunningly lucid and candid report late last year, the World Bank documented the decline with recommendations for turning it around.

That will take a change of attitudes, which is beginning at last, with recognition of "informal economies," not state-controlled, as the "seedbed for entrepreneurship, not the hotbed for racketeers." It will take "good

governments" above all, the World Bank said. And it will take expansion of markets, an infusion of management and investment in which South Africa can make the vital difference.

Perhaps the silver lining in the passage of Africa's dismal 30 years is that two disastrous illusions are collapsing simultaneously: apartheid and command systems. They are related. Both deny basic freedoms, one on grounds of race, the other on grounds of ideology. Neither works.

The issue is broadening. If South Africa has the will and the heart to accept democracy for all its people, it can be the leader of democracy and development for Africa. That would be a gain for all, even the most cramped old Afrikaners.

The New York Times.

In Their Creative Refusal They Were Irrepressible

By Anthony Lewis

BOSTON—The news from South Africa is as breathtaking as the news from Mikhail Gorbachev's Soviet Union. The leader of the party that institutionalized white supremacy, imprisoned the black media's spokesmen and outlawed its political movements has started down the political path toward a new South Africa.

What led President F. W. de Klerk to such dramatic steps? Why would a man brought up in the National Party and Afrikaner tradition decide to legalize anti-apartheid politics?

I put those questions to an important figure in the opposition, Patrick Lekota, who is visiting America. He is publicity secretary of the United Democratic Front, the largest anti-apartheid group in the country. The record of his life indicates the price of opposition politics in South Africa.

In 1976, after a two-year trial, he was convicted on two counts of "terrorism." He had organized a rally to celebrate Mozambique's new independence, and the court said that might encourage South Africans to similar rebellion. The other count was participation in the black consciousness movement of the time, which

might incline blacks to be hostile to whites—"a terrorism of the spirit," the judge said. The sentence was six years. He served most of that in the notorious prison on Robben Island.

In 1982, after a three-year trial, he was convicted of high treason. The charge was that he had helped to found the United Democratic Front in 1983, with the aim of instigating anti-apartheid protests that would make the country ungovernable. Again there was no evidence of violence.

This time the sentence was 12 years. Mr. Lekota went back to Robben Island. But last December the conviction was thrown out on appeal.

Altogether, he has been in prison 13 of the last 16 years—for what would not be offenses under American or European law. At the age of 41, he has been able to get a passport for the first time. But his political comments, on the reasons for the de Klerk moves, were without bitterness.

"Most important there was the sheer tenacity of us inside the country," he said, "the way we responded

to the worst excesses they could bring on us. The resilience we had when they cut off our leaders, our creativity in always finding a new way, showed that we were simply irrepressible."

"Second, this is a new generation of Afrikaners, educated in different conditions—some of them in part abroad, including F. W. de Klerk. They have seen that other liberation struggles were not defeated. They have looked at Algeria, for example, and know the viciousness at the end of that struggle."

"Another important element is the interconnectedness of South Africa and the rest of the world. They're not like P. W. Botha, who said 'The hell with the world.' The reality is we have to be part of the world."

"Then there was the thawing of relations between East and West. What has happened in Eastern Europe has had a big impact. Things are opening up elsewhere, people are saying they have to have political solutions, and they don't want to lag behind the world."

What it added up to, I thought, was that Mr. de Klerk had begun to face reality: the determination of the 75

percent black population to have rights, the economic cost of the world's disapproval, and so on. But for a National Party leader to face reality is remarkable. The party has been in power since 1948, and for most of that time its leaders have tried to shut out reality.

Mr. de Klerk showed in a striking way that he was determined. He moved to prevent obstruction of the new policy by the state security forces.

A week before his speech he called the 500 top police commanders to Cape Town and appealed to them not to undermine his plans. Failure to reach a political settlement now, he said, would lead to "an Armageddon." Then, when a young man died in police custody, Mr. de Klerk immediately ordered a judicial inquiry—the first in 71 such deaths since 1963.

It is a long way still to resolution of what are very different views of the political future. But Mr. de Klerk has set out on the path. He knows that the first steps are not enough: that people's expectations have not been met, that foreign banks and investors are waiting. It will be hard to turn back.

The New York Times.

Lebanon: The Old Order Is Finished, the New as Yet Unfound

By George Nader

WASHINGTON—The Lebanese are fond of believing that if only the foreigners would leave them alone, they could easily reach agreement on any outstanding internal problems. This is, quite simply, false.

On the other hand, to pretend that Lebanon can be reconstructed on a fair and democratic basis while it is occupied by foreign forces is absurd. Lebanese have aligned themselves with foreigners against each other because many had little stake in their own society and state.

Lebanon serves as the safety valve for the region's pressures. It is cheaper and safer for several parties to fight indirectly in Lebanon than to carry on the battle face to face.

This is most clearly the case for Syria and Israel. Similarly, the Saudis prefer to struggle against the Iranian revolution in Lebanon, where the stakes are not nearly as high for Riyadh as they would be in the Gulf.

Today's so-called "civil conflict" in Lebanon is directly tied to the feud between Iraq and Syria, with each backing and encouraging one group of Lebanese against another.

Lebanon's boundaries exist only on maps. Israel crosses the border in the south at will and maintains a significant number of troops in Lebanon on a permanent basis.

Israel recognizes Syria's so-called "security interests in Lebanon." This means that for Israel, Lebanon has no boundaries. Syria maintains tens of thousands of troops inside Lebanon, controlling more than half the country. Since 1983, Syria also has recognized Israel's so-called "security interests in Lebanon." Thus, for Syria, too, Lebanon has no boundaries.

What do these foreigners want? Although some believe that Israel wants to control Lebanon's extensive water resources in the south, Israel's obsessive concern is over the security of its northern border, both from military attack and from border infiltrations.

United Nations forces cannot accomplish their job because Israel does not trust them and thus will not surrender control of the "security zone." This is so even though the Israelis know that their occupation tends to radicalize local inhabitants and mobilize Israel.

Syrian ambitions in Lebanon are far less clear and less limited. Syria and Lebanon share a heritage of historical, geographic, cultural and psychological proximity. However, a basic difference exists between Syria's government-controlled economy and Lebanon's free enterprise system.

Despite Syria's territorial presence, many Lebanese resent Arab identity and its cultural links with Syria. In principle, all the Arab world, and indeed all the world, wants to see a strong, central government in Lebanon, capable of exercising authority over the entire country. Most countries believe that the Christians have dominated the country at the expense of the Muslims, and Arabs in particular tend to define "Muslim" as Sunni, even though in fact it was the Sunnis who shared with the Maronites in the domination of the others sects, Christian, Muslim and Druze.

For a variety of reasons, then, the effort to "reform" Lebanese governance has tended to transfer some of the prerogatives of power and status from the Christians as a whole, and the Maronite community in particular, to the Sunnis.

This process is most clearly seen in the recent agreements reached in Taif, wherein the power of the Sunni prime minister was increased at the expense of the Maronite president. Apart from the relatively insignificant act of extending the term of the speaker of the National Assembly, a Shiite, there was no real effort to answer the needs of the Shites or the Druze.

"Reforms" of this nature are not simply irrelevant; they erode the already minimal relations among the diverse communities of Lebanon, and directly undercut national unity.

The Taif reforms ignore the significant changes that have occurred in Lebanon. The Sunnis can no longer dominate the Muslim community. The Shites have reduced Sunni control of Sidon to just the city center.

West Beirut, once the jewel of the Orthodox and Sunni communities, now is overwhelmingly Shiite. Only in Tripoli do the Sunnis retain a majority. Thus it is hardly surprising that the Sunnis seek to return to something like the old formula of government in Lebanon.

Many Christians have criticized the Taif reforms as a half-hearted attempt to return to the days of the Maronite-Sunni alliance. They argue that such an alliance has not been viable historically and makes less sense now because of the increased demographic power of the Shites and the Druze, and the weakening of the Sunni community.

Many Lebanese also complain that the Taif agreement does not give Lebanon's sovereignty issue the importance it deserves. It tends to perpetuate the Syrian presence indefinitely.

Although the agreement provides for the redeployment of Syrian forces to the Bekaa, there is no provision for their final withdrawal from all of Lebanon. The possibility of establishing a permanent Syrian military facility in the Bekaa could do Lebanon even more to the Arab-Israeli dispute.

Lebanon is now locked in a debilitating stalemate, but a social and economic revolution has been ignited. People are fed up with the old order—the traditional sectarian parties and the militias that have developed lives of their own. Intra-Shiite and intra-Christian battles have been going on separately.

Both Muslims and Christians are beginning to rebel against this bankrupt system, as well as against the presence of foreign soldiers on their land. The options for new leadership, however, are still not clear.

The old class structure is still operating, but not all the elements for creating new forms are present that could eventually transcend Lebanon's traditional sectarian system.

How long it will take to achieve a new political consensus is hard to know. What is certain, however, is

that the old order is finished. What lies ahead is a long, agonizing struggle toward a new political coherence that only the Lebanese can accomplish

Bread Ration Is Cut In Cuba Over Lag in Soviet Grain Supply

By Paul Lewis
New York Times Service

UNITED NATIONS, New York—The Soviet Union has fallen seriously behind with its promised grain shipments to Cuba, forcing the government of President Fidel Castro to cut the bread ration and increase some food prices, according to Western diplomats and other experts.

At the same time, Cuba has admitted failing to send the Soviet Union as much citrus fruit as it promised, adding to the widespread food shortages there. Both countries blame the slowdown in trade between them chiefly on a lack of shipping.

But experts on Cuba, which by some estimates receives \$5 billion a year in Soviet assistance, are divided over whether this is the real reason.

Some suspect President Mikhail S. Gorbachev of the Soviet Union is trying to force Mr. Castro to soften criticism of his domestic changes by withholding supplies, while others say the trade disruption reflects shortages and strains within the Soviet bloc brought about by these changes.

On Jan. 23 the Cuban government, which has made no secret of its hostility to Mr. Gorbachev's change program, announced that the daily bread ration for Cubans living outside the capital of Havana would be cut starting Feb. 1 from

100 grams to 80 grams, or less than three ounces.

In Havana, where bread is not rationed, the price was raised by about 30 percent. The price of eggs was also raised, reflecting a shortage of grain-based poultry feed.

The government said promised supplies of Soviet grain and flour had failed to arrive at the start of the year, though it did not give any figures for the shortfall. But it admitted dipping into its reserve of scarce dollars to ease the shortage by buying some grain on the world market, but again gave no details.

Reporting the rationing decision on Jan. 24, the Soviet newspaper Pravda attributed the slowdown in Soviet grain supplies to administrative errors and a lack of ships.

Cuba forecast that the shipping shortage could result in further export shortfalls and warned that harvested oranges and lemons are in danger of rotting on the quay.

Those who suspect the Soviet Union is pressing Cuba to soften its hard Stalinist line argue that Moscow did just this during the late 1960s when Mr. Castro criticized the Brezhnev regime for being too liberal, cutting oil deliveries and forcing the Cuban authorities to impose draconian rationing.

Only after Mr. Castro finally endorsed the Soviet invasion of Czechoslovakia in 1968 did the Soviet Union normalize relations and resume full economic aid to Cuba.



Mr. Baker, left, and President Vaclav Havel with Ambassador Shirley Temple Black at a Prague party on Tuesday.

POLICY: U.S. Agrees to Genscher's Plan for German Forces in NATO

(Continued from page 1)

in Europe to the level of NATO forces.

Amid political fever in West Germany about prospective reunification, the Bush administration has fine-tuned its statements about Germany's future role in NATO in

an effort to avert anti-American sentiment.

"Everybody is sensitive to the risks of being seen by Germans to be standing between them and reunification," a U.S. official said.

In a Berlin speech last month, Mr. Baker said that German reunification should include an alliance with NATO.

Changes in the shading of the U.S. rhetoric emerged Monday when reporters in Washington learned that the State Department had advised spokesmen to say that the United States agreed with West Germany that it should maintain "ties" to NATO.

"We agree that these ties should not involve a threat to the security of Europe but rather maintain security in Europe," said a State Department statement that reportedly was drafted by Mr. Baker after his meeting with Mr. Genscher.

In yet another sign of U.S. groping for new language, the White House spokesman, Martin Fitzwater, was quoted as saying Mon-

day that the potential status of Germany was "under discussion." He added: "If you want further definition, there is none."

Ruling out any radical reappraisal of the Bush administration views on the German issue, several U.S. officials said that Washington wanted to limit the risk of seeing its views on German membership in NATO presented as an obstacle to reunification.

A U.S. official said that "clearly, we cannot demand that a country belong to an alliance that is a democratic organization, but our views could be invidiously exploited if they are misrepresented."

The U.S. view, several officials said, is that a united Germany will inevitably belong to NATO, even if the eastern parts, now East Germany, are in effect demilitarized as a means of reassuring Warsaw Pact countries fearful of seeing NATO forces—or even German forces—advance into their midst.

Under this arrangement, NATO would guarantee the borders of a

new Germany, whose government and armed forces would remain integrated into the Western alliance's military and political planning. This would reassure Britain and other NATO allies that do not want to see a neutral Germany.

In this perspective, the Baker aide said, Mr. Genscher "has come up with one proposal, and we think that the proposal in terms of not having NATO forces move further east is a pretty good one."

In the U.S. view, the Soviet Union—once convinced that it cannot extract significant diplomatic concessions from West Germany as the price of reunification—has an interest in seeing a new Germany as part of the Western alliance and not as a neutral state that might ignite nationalist conflicts with its neighbors.

France has been reticent about German reunification and about U.S. insistence that Germany should remain in NATO. But a U.S. official said that general reaction was "positive" to the plan.

PANAMA: Banks Resist U.S. Curbs on Drug Profits

(Continued from page 1)

forcement Administration and the Justice Department said the business connections and friendships make it difficult to believe that any real crackdown against money laundering is likely to occur.

American law-enforcement officials said they have evidence that Panamanian banks were used to launder money right up through the waning hours of the administration of Mr. Noriega, who is awaiting trial in Miami on drug and money-laundering charges.

And although most of Mr. Noriega's senior aides remain either fugitives or in prison, all the bankers with whom they are said to have dealt remain in key positions.

Mr. Endara recently acknowledged that the success of Panama's financial center in the 1970s and 1980s was a result of the Latin American drug cartels.

Increased pressure is now on the nation's banks, whose foreign deposits have fired rapid economic growth for two decades, to lure back more foreign investors, many of whom had left during the turmoil of recent months.

The financial community is believed to represent as much as 10 percent of the nation's gross national product.

Virtually all economists agree that laundered drug money, arms sales, and other illicit income have played a large role in the accumulation of the wealth.

A U.S. official said that if in fact

no major changes in the banking regulations were forthcoming, a showdown would likely occur in Congress over whether to authorize a \$1-billion aid program and other assistance.

Negotiations have been under way to forge an agreement of cooperation between Panamanian and American law enforcement authorities, following a preliminary agreement signed last month by the Panamanian government and the State Department.

Nonetheless, the widely held view among drug officials is that as banking restrictions imposed during the period of U.S. sanctions are lifted over the next four months, illegal profits will again pour into many of the country's 110 banks.

But Mr. Endara has said he sees no need for any significant banking-law changes and so does not expect any.

The banking commission is dominated by local and international bankers, many of whom agree with the president and Mr. Lasso that the magnitude of the drug problem has been exaggerated.

Flatly contradicting reports by the Drug Enforcement Administration and other sources at the Justice Department of extensive laundering, Mario Galindo, said that there is no money-laundering problem in Panama.

Many bankers and some officials said there is a feeling of resentment over the pressure by the United States to alter the banking system.

Mr. Lasso, who is also general manager of the Panamanian branch of the International Bank of Costa Rica, said it was hypocritical of United States officials to be citing Panamanian banks.

He said the punishment meted out recently in the two largest drug money-laundering cases in the United States shows that American officials themselves are not particularly tough on money laundering.

The settlements were of \$5 million over four years in the case of Banco de Occidente and \$14 million for Bank of Credit and Commerce International.

Both banks admitted in courts in the United States that their Panamanian branches were used extensively to launder drug money.

"How can you ask us to break a bank in Panama when all they do in the U.S. is pay a fine?" Mr. Lasso asked. "We don't understand it. It gives us some doubts."

The economic sanctions have driven out some of the more reputable international banks, and many of those left continue to be found to have drug ties, knowingly or not.

Testimony in one recent case tied one-third of the banks to laundering operations for drug money.

"There are already laws here on the books that make money laundering illegal," said a banker who has been in Panama for more than 20 years.

"But the laws have only been as good as the people who enforce them."

'New Deal' at Home Absorbs Gorbachev

Loaded Down With Domestic Issues, He Is Likely to Avoid Foreign Crises

By Don Oberdorfer
Washington Post Service

MOSCOW—In announcing bold new political moves at home, President Mikhail S. Gorbachev has suggested that he may be less likely than before to make bold new moves in the international arena.

Mr. Gorbachev's "new deal" for the Soviet Union, which was under debate Tuesday in the Central Committee of the Communist Party, hints at a foreign policy of continued pragmatism that seeks to avoid crises abroad.

The most obvious foreign policy impact of Mr. Gorbachev's plans for remaking the Soviet political and governmental system is that this country and its senior leaders are likely to be even more preoccupied than in the past with internal developments.

This Soviet preoccupation at home, a turning inward of one of the world's most important nations, has been obvious for about a year despite the changes in Eastern Europe next door.

The domestic priority is now likely to be even greater, as the country wrestles with a new political system, the setting up of a modern presidency and the economic

and ethnic problems that Mr. Gorbachev and his country confront.

In the relatively brief foreign policy portion of Monday's speech, Mr. Gorbachev said that his "innovative" policy abroad had "gained recognition all over the world" and has already brought about a considerable improvement in the international climate. That modest declaration is as far as he went toward seeking to use his still-souring international acclaim to shore up his sagging domestic position.

Nonetheless, Mr. Gorbachev's proposal to hold the next party congress in late June or early July—presumably just after his June summit meeting with President George Bush—suggests a desire to use the world stage for domestic benefit later in the year.

The basic message of what Mr. Gorbachev did say about foreign affairs is that, abroad as well as at home, his new Soviet Union wants to be more like other major countries, such as the United States, Western Europe and Japan.

"We should abandon everything," he said, "that led to the isolation of the socialist countries from the mainstream of world civilization."

He spoke of the vital importance of joining the information age, where "knowledge" and "creative imagination" are crucial national assets, and said that the Soviet Union was "nearly one of the last" to realize what high technology means the modern world.

In contrast, he said nothing at all about the Third World. Regarding arms control, Mr. Gorbachev stressed that future reductions must be obtained "within the framework of negotiations," suggesting that he is less likely to move again through startling unilateral cutbacks.

He appeared to be on the defensive about cuts in the Soviet military, and eager in the heat of political combat to give reassurance that "reliable defense" was being preserved.

While going out of his way to say that the world situation had improved, he added that "the danger of war" persisted. "This is why we need well trained and well equipped armed forces," Mr. Gorbachev said. He cautioned there should be "a more responsible approach" to military restructuring.

The most troublesome foreign policy area for Mr. Gorbachev at present is Eastern Europe, where Soviet power has ebbed dramatically. He devoted a paragraph to this region, saying it was important to "upgrade" relations with East European countries, but giving no idea how this could be done as the Warsaw Pact falls apart.

Mr. Gorbachev's most formidable political rival, Yegor K. Ligachev of the ruling Politburo, was quick to confront the tough issue of a unified Germany in which the former East German ally is absorbed into the Western orbit.

"It would be unbelievably shortsighted and a mistake," Mr. Ligachev said, "if we didn't see a Germany with huge economic and military potential looming on the international horizon."

In his speech Tuesday, he added that it was "time to recognize the new danger and to speak about it as loud as possible to our own people and party."

5 Die in India Theater Blast

Agence France-Press

NEW DELHI—A bomb explosion in a movie theater killed at least five people and wounded 36 in the Waldwani district of northern Uttar Pradesh state Tuesday, the Press Trust of India said.

MOSCOW: Conflict Forces Party to Extend Plenum

(Continued from page 1)

fidence that the plenum would end with a victory for the "progressive" line embodied by Mr. Gorbachev.

In his speech, Mr. Ligachev painted a bleak picture of a country threatened by "nationalist, separatist and anti-Soviet forces." While insisting that he supported perestroika, Mr. Gorbachev's renewal campaign, he condemned what he depicted as attempts to dismantle communism under the guise of change.

"Destructive forces are threatening our society with chaos and destruction, moral and physical terror," declared Mr. Ligachev, who was removed from his post as ideol-

ogy chief in September 1988 and made responsible for agriculture.

Before the plenum began, there were reports that Mr. Ligachev could be forced to resign from the 12-man Politburo, possibly along with Vitali I. Vorotnikov, the conservative president of the Russian federation.

In his opening address Monday, Mr. Gorbachev blamed the continuing crisis in Soviet agriculture on the failure to introduce new forms of land ownership, including private farms, and insisted that the main obstacle was "political."

On Tuesday, Mr. Ligachev directly contradicted Mr. Gorbachev by insisting that the main problem with Soviet collective farms was the lack of adequate investment. Reiterating his opposition to all forms of private property, which he depicted as a threat to communism, he called for a nationwide referendum on the subject.

The most forthright attack on Mr. Gorbachev came from the Soviet ambassador to Poland, Vladimir Brovnikov, who suggested that perestroika had brought the Soviet Union to the brink of chaos and anarchy. He called for Kremlin leaders to be held personally responsible for the "tragedy" that had befallen the country, accusing them of "overblown pride and personal mistakes."

"Discipline without democracy can survive," Mr. Brovnikov said, "but democracy without discipline is unthinkable. It will give birth to social and political chaos."

A former prime minister of the western republic of Byelorussia, a conservative stronghold, Mr. Brovnikov attacked calls for the institution of a presidential system of government, saying that the Soviet Union should rid itself of the tradition of one-man rule.

The plenum is considering a proposal by Mr. Gorbachev to strengthen the powers of the head of state by making him directly elected by the people rather than by the Congress of People's Deputies, as at present.

Mr. Brovnikov is typical of dozens of conservative holdovers who have retained their Central Committee seats despite losing the post that won them admission in the first place. Last spring, Mr. Gorbachev forced the resignations of a quarter of the Central Committee on the ground of age, but was unable to replace everybody.

Communists, requires parties that are not merely symbolic.

In Lithuania, the regional elections feature parties such as the Christian Democrats and the Green Party. But many of them still consist of a few dozen people who meet at an apartment.

Unlike Eastern Europe, where many parties from the pre-World War II period are now re-forming, the Soviet Union offers only the most stunted experience of political parties and democratic processes. Its liveliest period of political competition lasted from the fall of the czar in February 1917 until the next year, when Lenin decided to outlaw all but the Communist Party.

"We are starting from absolute scratch," Mr. Karpinsky said. "This is not America. It's not even Czechoslovakia. Time, give us a lot of time."

A U.S. official said that if in fact

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JAPANESE ELECTION CAMPAIGN MAKES WAVES — Prime Minister Toshiki Kaifu, left, appeals Tuesday in Tokyo for votes for his governing Liberal Democratic Party, while Takako Doi, chairwoman of the Socialist Party, salutes supporters from a boat deck in Kagoshima. Nationwide elections for the 512-member lower house of parliament are scheduled for Feb. 18.

The 'Japanese Model': Can Seoul Make It Work?

By David E. Sanger
New York Times Service

SEOUL — Two years into South Korea's first experiment with democracy, the country's leaders say they are planning to transform the government into a system that, at least on the surface, will strikingly resemble Japan's.

This would mean parliamentary rule dominated by a single, conservative party powerful enough to stymie out opposition voices.

The change is being orchestrated by President Roh Tae Woo, who took a major step toward his goal last month with an announcement that stunned the country.

He persuaded two of the country's three most prominent opposition leaders to abandon years of rivalry and join the government. That left out only the most famous opposition leader, Kim Dae Jung, who may find his party more isolated than ever.

Rushing to consolidate their majority, Mr. Roh and his new allies, Kim Young Sam and Kim Jong Pil, have started dissolving their par-

ties. Declaring that the conflicts that have paralyzed the legislature since 1988 were over, they laid plans for a giant coalition, led by Mr. Roh, that will give them more than 200 of parliament's 299 seats.

The new coalition is not only patterned after Japan's governing Liberal Democratic Party, but it also sounds like it: the Democratic Liberal Party.

To many here it is strange enough that South Korea should imitate the country that occupied it for 36 years before World War II, and whose movies are still banned in theaters here.

It seems particularly odd when Japan is increasingly disenchanted with 30 years of domination by the Liberal Democrats, who have been enmeshed in scandals and criticized for failing to give the Japanese a life-style commensurate with their economic power.

But to the South Korean leadership, the stability of that 30-year rule and Tokyo's economic success make the "Japanese model" — the phrase still grates on many senior officials here, including a few of

Mr. Roh's closest advisers — nearly impossible to resist.

"We've learned from the Japanese what to avoid," said Hyun Hong Choo, the minister of legislation and one of the most active advocates of the change. "I think we can succeed in importing the good aspects of the Japanese system, and not the corruption."

Not everyone shares that view, not even some of Mr. Roh's biggest supporters.

And among politicians, intellectuals and an increasingly powerful business sector, the merger of the parties has prompted debate over whether South Korea's political culture and its temperament — a tradition of highly emotional conflict, charismatic leaders and refusal to compromise — can be reconciled with the Japanese model of constant deal-making among factions, patience in taking turns running the country and deliberate graying of the leadership.

"We have had a 40-year history of strident opposition," said Shin Myung Soon, an associate professor at Yonsei University. "It is hard

to believe that Korea can change its approach in a day or a year or even a decade."

But Mr. Roh appears to be betting that economic changes will propel a more conservative mood.

The booming economy has slowed from an era of 12 percent annual growth to something more like six of seven percent, prompting Mr. Roh to declare recently that South Korea faced an "economic crisis" — a crisis that many countries would gladly accept.

The giant industrial conglomerates here appear to support the move, perhaps hoping that the conservative coalition will help crush a demanding union movement, much as Japan's did in the late 1950s.

Not surprisingly, the party unification has prompted a scramble in the opposition between those who say they will follow their leaders to the ruling party, and those who declare they have been betrayed.

New opposition organizations are springing up daily.

Tension is running so high that the government, which only a few years ago kept Kim Young Sam under house arrest, recently sent tough looking, denim-clad guards to protect his headquarters and house. On Friday, students armed with firearms attacked one of his offices in Pusan, his hometown.

In an interview, Kim Young Sam defended his switch, and denied charges that he was abandoning three decades of opposition simply to strengthen his own chances of becoming Mr. Roh's successor.

"When I was in the opposition," he said, "there were many things I could not do: get amnesty for prisoners of conscience, revise the national security laws, realize economic justice." Through the merger, he added, "I intend to see these through."

Mr. Kim described an alliance in which he and Mr. Roh were virtually equals in the party, the president contributing the mandate to rule, and he contributing the kind of legitimacy no former military officer could have in running the country.

"I intend to make the politics of compromise a success," he said.

Strong tensions seem inevitable. Mr. Roh's party members do not describe Mr. Kim as an equal, and give no guarantees about whether he will be the new party's presidential candidate at the end of Mr. Roh's term in 1993.

Whether Mr. Roh can change the nature of Korean politics depends in large part on the remaining ap-

peal of the man left out of the deal: Kim Dae Jung, the country's most famous dissident and leader of its largest opposition group, the Party for Peace and Democracy.

The 64-year-old opposition leader has been denouncing the new coalition as a "political coup d'état," an unimpressive reminder of Mr. Roh's past as a general who played a key role in the authoritarian regime that ruled South Korea for much of the 1980s.

In an interview, Kim Dae Jung, who survived a death sentence and years of house arrest only to fail in the 1987 election when the opposition leaders could not agree on a single candidate, maintained that Mr. Roh and his new allies had "made the election meaningless" with their deal.

"I told Roh that the merger of the other opposition would result in the isolation of our party," Kim Dae Jung said, "and we can't help but fight." The key question now, he added, was whether he could draw in disaffected followers of the other two Kims.

Kashmiri Reins In Militants

Separatists Told to Stay Put After India-Pakistan Clash

ISLAMABAD, Pakistan — The leader of the Muslim militants waging a separatist campaign in the Indian state of Jammu and Kashmir promised Tuesday to rein in his followers.

The Muslims in Pakistan have threatened to storm a cease-fire line that divides Kashmir between Pakistan and India.

Indian border guards fired Monday on 4,000 Pakistani protesters, some of whom swarmed into Indian territory in the northern state.

Officials in India said that about 10 people were wounded but that no deaths were reported. Pakistani officials said one person died and that 13 were shot in the legs.

Two Indian newspapers also reported fatalities. The pro-government Times of India said 10 people

were killed, while The Statesman, an independent paper, put the number at 3.

Amrullah Khan, chairman of the Jammu and Kashmir Liberation Front, the organization leading the separatist movement in Indian-held Kashmir, said, "I have issued a sort of martial law order to our people today to not storm across the cease-fire line."

His decree, he said, had generated threats of mutiny, particularly among the student wing of his organization. He warned that a string of border skirmishes could create a chain reaction along the 1,400-kilometer (860-mile) cease-fire line that could escalate into war.

"It may escalate tensions between India and Pakistan and that's not in our favor," he said. "If there is a war we'll be sandwiched in between and become a scapegoat."

The former state of Kashmir was divided between India and Pakistan in 1947 when British colonial rule of the subcontinent ended and a majority Muslim Pakistan separated from a predominantly Hindu India.

Scores of people have died in Indian-held Kashmir since Jan. 20, when the government of Prime Minister Vishwanath Pratap Singh ordered a military crackdown on Muslim separatists. The militants want to secede from India and either become independent or join Pakistan.

Jammu and Kashmir is India's only state dominated by Muslims.

Pakistan has twice gone to war with India over Kashmir. The two hostile neighbors fought a third war over East Pakistan, now Bangladesh. Pakistan lost all three.

U.S. Sees Tourist Boom in '90s

By Philip S. Gutis
New York Times Service

WASHINGTON — The number of visitors to the United States will increase more than 75 percent by the end of the decade, from 38 million last year, according to the Commerce Department.

Travel by Americans has remained fairly constant for the last two years, so the nation's \$350 billion-a-year travel industry is counting on international traffic.

According to the Commerce Department's projection, announced at a tourism conference in Washington on Monday, the United States is expected by 2000 to receive 67 million visitors a year.

Last year, for the first time, tourists spent more in the United States (\$43 billion) than American travelers spent abroad (\$42.6 billion); this gave the United States a slight travel surplus in the balance of trade calculations.

That surplus, the Commerce Department said, is expected to triple this year, to \$1.48 billion.

The projections, released by Rockwell A. Schnabel, the undersecretary of commerce for travel and tourism, are based on comput-

As for Americans traveling abroad, the increase in their number continued to taper off last year. The increase was 1 percent from 1988, to 41.5 million.

And Americans' domestic travel habits changed relatively little. Trips of more than 100 miles (160 kilometers) from home increased 3 percent, to 1.3 million.

International visitors, accounting for about 10 percent of travel revenue today, are expected to provide much of the growth in the 1990s, said Don Wynegar, a Commerce Department official.

And although most visitors to the United States come from Canada and Mexico, Mr. Wynegar said, the number of Japanese and British has grown significantly in the last five years. During the next decade, he added, there will be large increases in the number of visitors from South Korea, Sweden, Taiwan and Australia.

During the next decade a big rise in visitors from South Korea, Sweden, Taiwan and Australia is expected.

er models of the strength of foreign economies, and on estimates that the dollar will continue fairly weak.

The weak dollar accounts for much of the increase in the number of foreign visitors, Mr. Schnabel said, but he cited other factors, particularly the intensive promotion of hotels, airlines and government.

Another factor in the growth is the change in Eastern Europe.

"There is a tremendous pent-up demand in Eastern Europe and the Soviet Union to travel here," he said.

"They are interested in our philosophy: Look at what happened with McDonald's," he added, referring to the throngs of people jamming Moscow's first McDonald's restaurant, which opened last week.

Cholera Shuts Schools In Capital of Zambia

The Associated Press

LUSAKA, Zambia — The government closed all schools in Lusaka on Tuesday in an effort to stem an outbreak of cholera in the Zambian capital.

Twelve persons have died in the current outbreak and 57 remain hospitalized with cholera. The Health Ministry said the schools would stay closed indefinitely.

2 Relief Agency Doctors Are Missing in Sudan

Reuters

NAIROBI — Two doctors working for Doctors Without Borders, a French-based medical relief organization, were missing in southern Sudan and thought to be in the hands of rebels, relief workers in Nairobi said Tuesday.

Christine Van Haegenborgh, a 26-year-old Belgian, and Martin Ruppert, a 28-year-old Dutchman, disappeared Friday.

Li Softens Tone on U.K. Relations

Reuters

BEIJING — Prime Minister Li Peng held out the prospect of better relations with Britain on Tuesday but reminded the colony of Hong Kong that its stability and prosperity depended on China's goodwill.

In what one Western diplomat described as the nicest words for a long time, the hard-lining Mr. Li said China attached importance to Chinese-British relations and hoped they would develop on the basis of equality and mutual benefit.

Mr. Li was speaking to Lord Sharp, president of the Sino-British Trade Council, a frequent visitor to China. Their meeting was given prominent coverage on Chinese state television.

Diplomats said the conciliatory remarks were in sharp contrast to earlier Chinese statements that have accused Britain of allowing Hong Kong to be used as a base for subversion against China since the democracy movement was crushed by the army last June.

Beijing has also criticized London for its plans to give 225,000 Hong Kong people right of residence in Britain in a move intended

to shore up confidence in the colony, which reverts to China in 1997.

Mr. Li told Lord Sharp that China was sincere in its policy of "one country, two systems" whereby Hong Kong would be allowed to keep its capitalist ways for at least 50 years after 1997.

Pretoria Expels 2 U.K. Journalists

Reuters

JOHANNESBURG — South Africa expelled two British journalists on Tuesday, accusing them of distorted reporting.

A statement by Home Affairs Minister Gene Louw ordered the immediate departure of Paul Weaver of the Today newspaper and Gareth Furbey of Independent Radio News, who had already left.

Mr. Louw cited coverage by the two journalists of a touring English cricket team, which is playing in South Africa despite a boycott of sporting links with the country because of its policies of racial separation.

"To keep Hong Kong as the center of finance, trade and transport in the Far East is in the long-term interest of China's modernization program," Mr. Li said.

But in a reminder of the ultimate power China holds over the colony, he added: "China hopes that Hong Kong can maintain its stability and prosperity for which the support of the mainland is inseparable."

Mr. Li's generally conciliatory remarks followed unusually friendly signals directed toward the United States on Monday in a meeting with former congressmen.

Mr. Li refrained from condemning U.S. sanctions imposed against China because of the crackdown and spoke of the importance of friendship and the restoration of China-U.S. relations.

Diplomats suggested the "smile campaign" was intended to persuade Japan and Western governments to resume badly needed official loans, cut off after June.

Mr. Li lifted martial law in Beijing last month in a move seen by diplomats as mainly cosmetic and chiefly aimed at the West.

INTERNATIONAL CLASSIFIED			
(Continued From Back Page)			
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Send a Trib
Valentine message
plus a beautiful bouquet
to the person of your choice
anywhere in the world.

Make Valentine's Day special for someone in your life — wherever he or she may be.

This year, the Trib has decided to use its unique world-wide circulation to play cupid in 164 countries!

On February 14th, we'll be printing a special collection of Valentine messages.

And because the International Herald Tribune is one of the most romantic names in publishing, it's a perfect place to say you care.

Simply send us your message by Thursday, February 8th.



Then we'll send a greeting card to that special person, telling him or her to look for your message in the paper on February 14th.

And we promise not to spoil the surprise by mentioning your name. But that's not all!

We will also arrange, with the help of Interflora, for a beautiful bouquet to be sent to that same person with the message of your choice.

The International Herald Tribune Valentine Special. It's a nice way to make someone smile.

Herald Tribune

Complete this coupon and mail it to your local area IHT office listed below, so that it reaches us no later than February 8th. Total cost inclusive of 20 word message, to be published in the IHT on Wednesday, February 14th, plus mailed greetings card and bouquet* \$110 USD (or local currency equivalent). Payment by credit card only please.

Sender's name _____
 Sender's full address _____ (include post code and country)
 Day tel. no. _____ (include area code)
 Your message to be published in the IHT (not more than 20 words): _____

Recipient's name _____
 Recipient's full address _____ (include post code and country)
 Day tel. no. _____ (include area code)
 Your message to accompany flowers (if different from opposite): _____

Card account number _____
 Expiry date _____
 Signature _____ 7-2-90

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 Please charge my credit card account:
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 FRANKFURT, Friedrichstrasse 15, 6000 Frankfurt/Main, West Germany; Telex: 416721; Fax: (49-69) 72 73 10.
 HONG KONG, 7th Floor, Malaysia Building, 50 Gloucester Road, Hong Kong; Telex: 61170; Fax: (85) 25 20 28 27.
 SINGAPORE, 138 Cecil Street, Cecil Court, 07-02, Republic of Singapore 0106; Telex: 28749; Fax: (65) 224 1566.

Flower deliveries will commence Tuesday, February 13th



Italian cinema's greatest days — with **Vittorio De Sica** and **Roberto Rossellini** after **World War II**, and then again in the '60s with **Federico Fellini**, **Michelangelo Antonioni**, **Pier Paolo Pasolini** and **Luchino Visconti** — are long gone. Only **Paolo** and **Vittorio Taviani** ("Padre Padrone," 1977), **Lina Wertmüller** ("Seven Beauties," 1977) and **Francesco Rosi** ("Christ Stopped at Nablus," 1982) have been able to make a name for themselves in the international scene, until last year, when **Giuseppe Tornatore**, a 33-year-old Sicilian who had previously won awards for sensitive documentaries ("Ethnic Minorities in Sicily," 1982) and *Italian*

OFF STAGE

'Salvatore Cascio really thought the movie was being made inside the projector, so I cast him.'

movies, then auditioned three. It came down to one scene — the talk between the little kid and the Alfredo character. The one I wanted, Salvatore Cascio, really thought the movie was being made inside the projector. His naiveté and curiosity was the closest to what I thought the character should be, so I cast him.

it's very difficult to sell it to an American distributor. Or then you can't even find an Italian producer. Or if you do, he can't convince the Americans to see a movie nobody's talking about yet. . .

Best seafood restaurant. Family
from 1881. High class. Closed on
Kapital 27. Tel: 041/423-425.

By Sheridan Morley
International Herald Tribune

The problem is that the script itself never quite decides which of those alternatives to pursue: On Johan Engel's wonderfully mud-soaked set, the South African director of the Johannesburg Market Theater, Janice Honeyman, has assembled Estelle Kohler and a sturdy cast of 20 other character players, none of whom seem totally to belong to the RSC or this produc-

Alec McGowen in "St. Mark's Gospel."

tained marital murder spree as a reaction to the awfulness of their husbands, or the poverty of their surroundings, or the desire for

Clearly Hay saw some sort of a metaphor for social and even Socialist commentary, but as he can never quite decide whether he is writing a great mystery thriller or a Marxist-feminist tract, we get a lit-

The notion of a community overtaken by evil for its own social or financial gains will not of course be unfamiliar to observers of Arthur Miller's "The Crucible." What presents "Hate" from over-reaching similar heights is an odd lack of drama in Father's translation of his late father's text, one that makes it difficult, on this evidence alone, to accept the late Arthur Koestler's claim that Hay was Brecht's only rival among dramatists of the European left.

OUT at the Greenwich, Tony Britten and Nick Biscat have what they're clearly calling "the musical version" of "Don Giovanni", thereby implying that Mozart wrote mainly in prose. What they mean is that they have turned the opera into a modern musical comedy, with a six-piece orchestra at the side of the stage led by Britten at the piano. The updating has Donald Giovanni as a South London drug dealer, rapidly firing his pistol into the Commendatore at the start of the show and then being sent almost cheerfully to Hell at the close.

And finally Alec McGowan's rendering of "St. Mark's Gospel," not a reading or a recitation but a performance of rare and true brilliance to be compared only to Gielgud's "Ages of Man," is (a decade on from its premiere) back in London at the Half Moon Theatre in the Mile End Road, playing Tuesday through Saturday nights and special Sunday matinees at 2-30 P.M. It should not be missed.

By Thomas Quinn Curtiss
International Herald Tribune

Israel Horovitz arriving at the Bouffes Parisiens.

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PARIS — The French National Orchestra and its musical director, Lorin Maazel, will tour the United States, Canada and Mexico March 5 to 27.

The orchestra will give 16 concerts, three in Mexico City, one in Toronto and another in Montreal, and the rest in 10 U.S. cities including Pittsburgh, where Maazel also heads the orchestra. Soviet violinist Vladimir Spivakov will perform with the orchestra in New York and Washington.

Michelin star, cuisine from Lyons, student from La Cote St. Jacques in Joigny, tasting menu F.fr. 320 VAT inc. Crayfish and fish specialities and large choice of desserts.

22, Rue Surcouf, 75007 Paris
Tel. res.: 45 51 46 93 or
45 55 68 38



1 Bank transaction	23 Deprivation
5 Tail end	24 Uncovered wagon,
9 Certificate	25 Choose from menu
14 Rest	26 Double this candy
15 Florence's river	28 Letters on a radio
16 Shiner	33 More of the q
17 Proofreader's word	36 Dr. Zhivago's love
18 Sports side	37 King topper
19 Downed, as doughnuts	
20 Start of a quip	

MARC	LAGOS	MAR
ALEA	EVERT	AG
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MARKERS	HACKNES	
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SLEET	SEA	THER
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SEEMS	NO	DIS
ERDA	CONAN	ELL
AMER	ATOMS	AGE
MARK	PHASE	TAM

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40 L.B.J. pooch	6 Spaces
41 Tedious routines	7 Cinch
43 Still more of the quip	8 Kind of
45 Gaelic	9 Besmirch
46 Percuptive faculty	10 Of the s
47 Beds at sea	11 Sultan c
48 Lecture	12 Words c
50 Haidro	13 Hang ir
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© New York Times

44 Blowing hard
 49 High home
 50 Freighter's load
 51 Stan's sidelock

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American	1.0000	1.0000	1.0000
British	1.5450	1.5450	1.5450
French	1.3663	1.3663	1.3663
German	1.4936	1.4936	1.4936
Italian	1.3363	1.3363	1.3363
Japanese	1.0000	1.0000	1.0000
Pound	1.5450	1.5450	1.5450
Swiss	1.4936	1.4936	1.4936
Yen	1.0000	1.0000	1.0000
Mark	1.4936	1.4936	1.4936
1950	1.0000	1.0000	1.0000

Source: *Financial Review*, 1950, p. 100.

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Eurocurrency Dep		
1 month	2 1/4-2 7/8	3-month
3 months	2 3/4-3 1/8	6-month
6 months	3 1/4-3 7/8	9-month
1 year	3 3/4-4 1/8	12-month

Sources: A.T. Kearney & Co. Inc. ECI
 Rates and quotes as of 1/19/84

Key Money Rates

- 6-month paper CD's 7-10% above
- 9-month Treasury bill
- 6-month Treasury note
- 9-month Treasury bill
- 9-month Treasury bond
- 3-month CD's
- 6-month CD's

Risks:

- Discount rate
- Call money
- 3-month interbank
- 3-month interbank

Real Economy:

- Discount rate
- Forward rate
- Call money
- 1-month interbank
- 2-month interbank
- 3-month interbank
- 6-month interbank

Affected:

- Bank base rate
- Call money
- 3-month interbank
- 6-month interbank

Exchange:

- Interest rate
- Call money
- 1-month interbank
- 3-month

WEDNESDAY, FEBRUARY 7, 1990

Page 9

MEDIA MARKETS

New Japanese Ads Push Candidates Like Products

By James Sterngold
New York Times Service

TOKYO — The Japan Socialist Party grabbed unusual public notice last year with a campaign poster showing a large red crayfish above the head of the party's leader, Taisuke Doi. Meant to symbolize the people's anger over scandals involving the ruling party, the image was a standout in the otherwise drab landscape of Japanese political advertising.

At a time when the Socialist Party is shifting toward the political center and has dropped its longstanding platform advocating revolution, the one revolution it is successfully instigating here is in campaign advertising.

The crayfish poster, which was used in last July's elections for the upper house of parliament, was part of a sophisticated and whimsical new attempt by the party to change the way candidates are presented to the public. It was produced in large part by Kunitaka Okada, the creative director, and Masamichi Nakamura, the account manager, at I & S Corp. I & S is Japan's sixth-largest advertising agency and a subsidiary of Seibu/Saison Group, owner of the Seibu department store chain and Inter-Continental Hotels.

What distinguishes this political advertising in Japan is that it treats political candidates like products. "Our thinking is: Why not do this like selling a cookie?" Mr. Okada asked. "Image comes first, then policies."

In another of their striking images — used on a poster for upcoming elections to the powerful lower house of Parliament Feb. 18 — the agency created a print ad showing a rose, the party's symbol, made to look like a person running. "Japan is moving," reads the copy.

In another poster, a cherub floats on a cloud, smiling mysteriously while reading "Live" magazine, a fictitious version of Life magazine, with Miss Doi, the party leader, on the cover. There is no other copy on the ad.

Such images are quite a contrast to the main poster for the ruling Liberal Democratic Party.

THE POSTER shows Prime Minister Toshiki Kaifu sitting cross-legged on the floor with a boy and girl, both models. The copy reads: "A vital life, a happy life."

And the centrist Democratic Socialist Party has a poster that shows an attractive young woman hugging a fluffy dog, with copy that refers to a "better life."

"Totally ridiculous" is how Mr. Okada, who helped devise the crayfish image, described the other parties' posters. "When people completely lack ideas in advertising, they usually use animals or children or babies."

Increasingly, advertising experts here agree with this view. Yoshifumi Taguchi, president of Image Plan, which advises corporations and the ruling party on creating basic image campaigns, said he tells candidates to put life-style ahead of policies.

"People's ideas have changed a lot; they want a lifestyle model in their candidates," Mr. Taguchi said. "People are bored of the old politics; they don't want something that looks old-fashioned." He said he tells candidates to come up with something that can be expressed in a few words.

When I & S began to work for the Socialist opposition at the end of 1988, the governing party was ensnared in a huge influence-peddling scandal. Out of that came the crayfish image.

"We thought: Everybody in Japan is disgusted and angry, so let's make people even angrier," Mr. Okada said in a recent interview in the agency's offices on the 53rd floor of Tokyo's tallest building. "We thought of the crayfish as a symbol of anger; you know, when you try to pick them up they will try to pinch

See JAPAN, Page 13

Kodak Reports A Loss

Restructuring And Costs Cited

The Associated Press

ROCHESTER, N.Y. — Eastman Kodak Co. on Tuesday announced a loss of \$60 million in 1989's fourth quarter, only the third time the photographic giant has reported a quarterly loss.

The company attributed the loss, which totaled 19 cents a share, mainly to the costs of a restructuring program begun earlier in the year. It had earnings of \$312 million, or 96 cents per share, in the fourth quarter of 1988. Sales for the fourth quarter totaled \$4.89 billion, up 8 percent from the 1988 period.

Kodak's earnings for 1989 fell 62 percent to \$329 million. Sales were \$18.4 billion, up 8 percent.

"Clearly, 1989 was a difficult year for Kodak, with significant expenses related to our restructuring efforts as the most visible sign," said Kodak's chairman, Colby H. Chandler. He said earnings were also hurt by the impact of inflation on operating costs, higher interest expense and currency fluctuations.

The company said fourth-quarter earnings were reduced by \$325 million in restructuring costs before taxes, bringing 1989 restructuring charges to \$875 million.

Last August, Kodak announced it would sell or reorganize about 20 businesses and cut more than 4,500 jobs — about 3 percent of the company's worldwide workforce — as well as freeze wages and take other cost-cutting measures.

Without the restructuring costs, earnings would have been \$362 million for the quarter, down 16 percent from last year.

Earnings declined in Kodak's information systems and chemicals divisions, while increasing in its imaging and health segments.

Mark Oberzinger, an industry analyst with Trinity Trading Co. of New York, said the loss was a little steeper than expected.

Mr. Chandler said he expected improved earnings in 1990, although gains may be offset by uncertainties in the U.S. economy and soft markets for chemicals and office equipment.

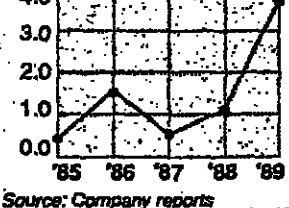
Siemens: A Giant Wakes



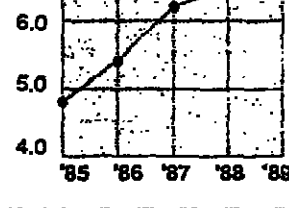
Total Sales



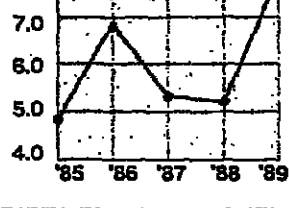
Spending On Acquisitions and Joint Ventures



Spending on R&D



Capital Goods Investment



Siemens Gets More Aggressive Amid Electronics Shakeout

By Ferdinand Protzman
New York Times Service

MUNICH — Siemens AG, Western Europe's largest electronics concern, is breaking out of its traditional mold as the prototype of a West German industrial group: conservative, cash-laden and about as exciting as yesterday's sausage.

With a spate of acquisitions, an ambitious but risky expansion in the United States and a recent accord with International Business Machines Corp. to develop advanced computer memory chips for the mid-1990s, Siemens is moving quickly to try to strengthen its position in international markets and high-technology fields.

"No one can say we are inactive now," said Karlheinz Kaske, Siemens' managing board chairman. The new aggressiveness at Siemens is its response to the shakeout sweeping much of the global electronics industry, analysts said.

Competition is particularly fierce in the semiconductor business, where development costs are so staggering and any profits so hard-won that even IBM and Siemens decided not to go it alone.

Siemens loses money on its memory-chip production, though company officials will not say how much. For Siemens, with a net profit of \$848 million on sales of \$33 billion in the 1989 financial year, and a product line ranging from test tubes to nuclear power plants, the current strategy is the company's effort to keep pace with U.S. and Japanese competitors.

Unless it moved forcefully, company executives figured, Siemens would assuredly become a second-rank producer dependent on other companies' technologies.

Siemens can afford its bold plans. After years of

hoarding cash, the company began spending it in the last two years, mainly on acquisitions and research and development.

And while Siemens' liquid assets are still the envy of many a bank, totaling 21.2 billion Deutsche marks (\$12.6 billion) at the end of the 1989 financial year, they are down from a peak of more than 24 billion DM in the 1988 financial year, and will drop below 20 billion DM this year, which ends Sept. 30.

But it was the Siemens corporate ethos, not lack of cash, that held it back in the past.

It seemed skittish about buying other companies, especially foreign ones. And it appeared too inflexible, slow and timid to pursue an unfriendly takeover, something virtually unknown in West Germany.

That changed last year, when Siemens joined with General Electric Co. of Britain in a hostile takeover of Plessey Co., the electronics and telecommunications concern.

Siemens' share of the takeover cost is estimated at a little more than \$1 billion (\$1.69 billion).

"They finally engaged in a hostile takeover," said Adrian Phillips, an analyst with Kleinwort Benson Securities Ltd. in London. "For Siemens, that was something radically new."

Siemens was busy elsewhere in 1989. It concluded an agreement with Framatome SA of France to jointly market and sell pressure-water nuclear reactors, and acquired a majority stake in IN2 SA, a French data-processing and personal-computer company.

In 1988, the Siemens buying centered on the United States, where it took over the development and production of the Siemens 5000 series.

See SIEMENS, Page 15

Panel Urges Budget Surplus For U.S. Growth

John M. Berry
Washington Post Service

WASHINGTON — President George Bush's Council of Economic Advisers said Tuesday that the best way to achieve strong U.S. economic growth was to lay out long-term plans for fiscal and monetary policy and build credibility by sticking with them.

On the fiscal side, the council's annual report to Mr. Bush said that the administration's proposal to balance the federal budget by 1993 and thereafter run steadily larger budget surpluses "would transform the federal government from a chronic borrower, draining the nation's scarce saving pool, to a saver, providing funds for growth-enhancing investment."

"This policy rule would also increase the supply of savings, lower interest rates, and increase resources in the future. Committing such a strong rule to law will increase the credibility of the policy, which will speed up the reduction in interest rates and more quickly enhance investment and economic growth," the report said.

Monetary policy, meanwhile, should focus on "systematically controlling and reducing inflation," the report added. Again, credibility would help reduce unwanted side effects, such as higher unemployment, which could arise from the pursuit of such a goal, the report argued.

Michael Boskin, chairman of the council, said that the entire report emphasized the policies needed "to achieve the highest possible sustainable rate of growth."

John Taylor, a member of the council, said that the report's approach to economic policy "cuts across a number of different schools of economic thought." He added that "it is a statement of where the research of the last 15 years applies."

The report did not have much of the doctrinaire tone shared by some reports produced by the council during the Reagan administration, even though like those, it strongly urged reliance on markets

for growth.

Japanese dealers and investors bought 30 to 35 percent of the notes auctioned, slightly more than the usual 25 to 30 percent, Japanese primary dealers said.

A trader for a primary dealer said, "We had to bid actively to maintain a share as primary dealers and because everyone was watching how much Japan would buy."

A jump in interest rates for Japanese government bonds had prompted fears that U.S. issues would lose their appeal.

The securities offered in the refunding are sold primarily to large institutions in the United States and overseas. The Treasury accepted \$825 million of tenders from Federal Reserve Banks acting as agents for foreign institutions.

(UPI, Reuters, AP)

Yield Jumps On Note Sale By Treasury

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. Treasury auctioned \$10 billion in three-year notes on Tuesday, with the yield leaping to 8.43 percent as it started a quarterly effort to borrow cash to run the government.

Fueled by Japanese buying, the yield was the highest since 9.12 percent on May 9, and a huge increase over November's \$30 billion quarterly refunding, when three-year notes yielded 7.77 percent.

The three-year notes sold Tuesday at an average price of \$99.857, with 100 equaling the face value and a single point representing \$10 on each \$1,000 investment. The interest rate on the notes, which mature Feb. 3, 1993, is 8.375 percent.

Accepted yields ranged from 8.42 percent to 8.44 percent and 12 percent of the bids at the high rate were accepted. Prices ranged from 99.853 to 99.831.

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(UPI, Reuters, AP)

CURRENCY RATES

Cross Rates	Feb. 6	Feb. 7
Australia (A\$)	1.607	1.608
Belgium (Bfr)	36.363	36.363
Canada (Cdn)	1.325	1.325
Denmark (DKr)	136.483	136.483
France (Ffr)	6.559	6.559
Germany (DM)	1.936	1.936
Italy (Lit)	2036.27	2036.27
Japan (Yen)	163.60	163.60
Netherlands (Gld)	2.203	2.203
Spain (Ptas)	166.639	166.639
Sweden (Skr)	13.760	13.760
Switzerland (Sfr)	1.736	1.736
UK (Sterling)	1.936	1.936
US (Dollar)	0.746	0.746

Currencies in London and Zurich; figures in other centers. New York closing rates.
a: Commercial francs; b: To buy one pound; c: To buy one dollar; d: Units of 100; N.A.: not available; M.A.: not available.

Other Dollar Values

Currency	Per \$	Per \$
Algeria (Dinar)	136.483	136.483
Argentina (Peso)	166.639	166.639
Austria (Sch)	13.760	13.760
Brazil (Cru)	2036.27	2036.27
Canada (Cdn)	1.325	1.325
Chile (Peso)	163.60	163.60
China (Yuan)	163.60	163.60
Colombia (COP)	2036.27	2036.27
Czech (Csk)	163.60	163.60
Dominican (DOP)	2036.27	2036.27
Ecuador (Ct)	163.60	163.60
El Salvador (Ct)	163.60	163.60
Guatemala (Ct)	163.60	163.60
Honduras (Ct)	163.60	163.60
India (Rupee)	163.60	163.60
Indonesia (Rp)	163.60	163.60
Israel (Nis)	163.60	163.60
Italy (Lit)	2036.27	2036.27
Japan (Yen)	163.60	163.60
Korea (Won)	163.60	163.60
Malaysia (Ring)	163.60	163.60
Mexico (Piso)	163.60	163.60
Nicaragua (Ct)	163.60	163.60
Peru (Ct)	163.60	163.60
Philippines (Piso)	163.60	163.60
Poland (Zloty)	163.60	163.60
Portugal (Escudo)	163.60	163.60
Romania (Leu)	163.60	163.60
Saudi (Riyal)	163.60	163.60
South Africa (Rand)	163.60	163.60
South Korea (Won)	163.60	163.60
Taiwan (Dollar)	163.60	163.60
Thailand (Baht)	163.60	163.60
Turkey (Lira)	163.60	163.60
Uruguay (Peso)	163.60	163.60
Venezuela (Bolivar)	163.60	163.60

New York rates unless marked (local rate).

Forward Rates

Currency	30-day	60-day	90-day	180-day
Forward Sterling	1.936	1.936	1.936	1.936
Forward DM	1.936	1.936	1.936	1.936
Forward Yen	1.936	1.936	1.936	1.936

Sources: Reuters Bank (London); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Goldbank (London). Other data from Reuters and AP.

INTEREST RATES

Rate	Feb. 6	Feb. 7
3-month T-bill	7.50%	7.50%
6-month T-bill	7.50%	7.50%
9-month T-bill	7.50%	7.50%
1-year T-bill	7.50%	7.50%
3-month CD	7.50%	7.50%
6-month CD	7.50%	7.50%
9-month CD	7.50%	7.50%
1-year CD	7.50%	7.50%
3-month FRB	7.50%	7.50%
6-month FRB	7.50%	7.50%
9-month FRB	7.50%	7.50%
1-year FRB	7.50%	7.50%

Sources: All Reuters except FRB: Federal Reserve Bank. Rates applicable to interbank deposits of \$1 million (or equivalent).

Key Money Rates

Currency	Feb. 6	Feb. 7
United States	7.50%	7.50%
Discount rate	7.50%	7.50%
Prime rate	7.50%	7.50%
Federal funds	7.50%	7.50%
Overnight 90-day	7.50%	7.50%
3-month Treasury bill	7.50%	7.50%
6-month Treasury bill	7.50%	7.50%
9-month Treasury bill	7.50%	7.50%
1-year Treasury bill	7.50%	7.50%
3-month CD	7.50%	7.50%
6-month CD	7.50%	7.50%
9-month CD	7.50%	7.50%
1-year CD	7.50%	7.50%
3-month FRB	7.50%	7.50%
6-month FRB	7.50%	7.50%
9-month FRB	7.50%	7.50%
1-year FRB	7.50%	7.50%

Sources: Reuters Bank (London); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Goldbank (London). Other data from Reuters and AP.

Asian Dollar Deposits

Currency	Feb. 6	Feb. 7
1-month	8.50%	8.50%
3-month	8.50%	8.50%
6-month	8.50%	8.50%
1-year	8.50%	8.50%

Sources: Reuters.

U.S. Money Market Funds

Fund	Feb. 6	Feb. 7
Mutual Shares	7.50%	7.50%
Money Market	7.50%	7.50%
Short-Term	7.50%	7.50%
Intermediate	7.50%	7.50%
Long-Term	7.50%	7.50%

Sources: Reuters Bank (London); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Goldbank (London). Other data from Reuters and AP.

GOLD

Gold	Feb. 6	Feb. 7
Spot	350.00	350.00
1-month	350.00	350.00
3-month	350.00	350.00
6-month	350.00	350.00
1-year	350.00	350.00

Sources: Reuters Bank (London); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Goldbank (London). Other data from Reuters and AP.

Marital Woes Take Toll On Big Spanish Group

Nordic Banks Plan Merger

OSLO — In what would be one of Scandinavia's first cross-border bank mergers in recent years, Svenska Handelsbanken's Norwegian subsidiary said on Tuesday that it had made a takeover bid for Oslo Handelsbank.

The Svenska offer, which values the entire bank at 212 million Norwegian kroner (\$32.8 million), would pay 340 kroner per share and 370 kroner per convertible bond.

The transaction comes on the heels of several bank mergers with-

in the Scandinavian countries aimed at achieving greater economies of scale. On Monday, for instance, two Danish banks set a merger to create that country's fifth-largest financial institution.

Svenska Handelsbanken said its offer was 60 percent above the current market price. Oslo Handelsbank shares traded at 215 kroner each before being suspended from the Oslo stock exchange Monday pending the announcement.

Norway's Finance Ministry said in a statement that it had been informed of the offer and that it

had no objections in principle to the takeover.

Svenska Handelsbanken said the move would help develop its Norwegian activities. After the planned takeover, it will have around 120 employees in Norway, which will become its largest foreign operation outside Britain, where the bank employs 300.

The bank added that it planned to open four new branches in Norway once the takeover was completed. Currently, it and Oslo Handelsbank each have one branch in Norway.

Svenska Handelsbanken said the offer depended on 90 percent of the shareholders and holders of convertible bonds accepting it. But it reserved the right to go ahead with the offer even if less than 90 percent accepted.

Svenska Handelsbanken said it had good reason to believe that the authorities would approve the takeover. It said payment for Oslo Handelsbank shares would be made on April 2.

Management of Oslo Handelsbank had been informed that a majority of its shareholders and holders of convertible bonds would accept the offer, the statement said.

Oslo Handelsbank and Svenska Handelsbanken's Oslo subsidiary would jointly have total assets of 3.5 billion kroner. Oslo Handelsbank posted a 25 million kroner profit last year.

Frankfurt Bank Venture

Officials of Turkey's state-owned Ziraat Bankasi said it and West Germany's Deutsche Genossenschaftsbank will set up a Frankfurt-based joint investment bank capitalized at 33 million Deutsche marks (\$19.8 million), Reuters reported from Istanbul.

The bank, likely to start operating later this year, will be involved in trade finance between Turkey and West Germany and will also provide direct financing.

Officials of Ziraat Bankasi, Turkey's only agricultural bank and the paymaster for civil servants, said the joint bank would open an office in Istanbul this year.

Romania Devalues the Leu, Abolishes Two-Tier System

BUCHAREST — Romania sharply devalued its currency Tuesday, unifying its former two-tier system into a single rate of 21 lei to the dollar, the Romanian National Bank announced.

With effect from Feb. 1, the tourist or noncommercial rate for the lei has been devalued from 8.74 to the dollar, while the commercial rate moves to 21 from 14.23 to the dollar.

The devaluation followed a visit to Bucharest by an International Monetary Fund and World Bank team last week. The Romanian central bank said the devaluation and ending of the two-tier system were in line with IMF policies and were aimed at reviving active ties with the world.

Romania is a member of the IMF, but its links with the agency were not active under Nicolae Ceausescu, who was overthrown and executed in December.

The central bank said the devaluation was aimed at "stimulating exports but not putting a brake on necessary imports."

The Romania Libera newspaper, citing a decree from the National Salvation Front, said the new single rate will be fixed each week based on the dollar's value on the international market. New rates have been

fixed against other Western currencies, but not the ruble.

Observers said the move was also aimed at reducing black-market currency dealings. Recently, the dollar has been changing hands at between 60 and 90 lei.

Romanian and Western economists say the lei has been seriously overvalued for many years, and a devaluation was inevitable.

The central bank said a regularization fund would be set up to cover price increases resulting from the devaluation and domestic prices for imported goods would not be raised. It gave no details.

The devaluation was announced as the government was to begin debate on priority measures aimed at pulling the economy out of crisis.

Prime Minister Petre Roman said the revolution that overthrew Mr. Ceausescu in December had come as the country was "practically without material resources," after some \$11 billion was invested in useless and failed projects in the past five years.

Virtually the only positive factor is the fact that the country is without foreign debt, which should enable it to increase imports to meet basic needs without taking out huge loans. (Reuters, AFP)

GERMANY: Kohl Offers Talks on Monetary Union

(Continued from page 1)

from West Germany. But a spokesman for the Bonn government termed the request "unrealistic."

The rising volume and frequency of political statements from all quarters about monetary reform fueled the growing impression that it is being seen as the key in both countries toward a convincing improvement of East German living standards.

As a result, politicians are likely to keep ignoring central bankers' warnings as they stake out positions ahead of East Germany's first open elections, and West Germany's elections at the end of the year.

Mr. Kohl's cabinet will discuss the proposal on Wednesday before formally presenting it to Prime Minister Hans Modrow of East Germany.

and further outlays could not be ruled out.

West German bond prices were pressured Tuesday,Agence France-Presse reported, because the official announcement of higher-than-expected industrial orders for December fueled fears of rising inflation.

December orders rose by 5.3 percent compared with forecasts of around 0.8 percent. The 7.25 percent government bond due in January 2000 dropped to 95.59, from 96.50 on Monday.

The strongest rise in orders was again in the capital-goods sector,

rising 6.7 percent. Consumer-goods orders rose 3.4 percent, while orders for basic and producer goods fell 2.9 percent.

Separately, the Federal Labor Office said the number of unemployed in West Germany rose 7 percent in January over the December level, to 2.19 million, largely due to seasonal factors.

The rise took the unemployment rate to 7.7 percent in January, from 7.2 percent in December, the office said.

It was the third consecutive monthly rise in unemployment, which had previously fallen steadily throughout 1989.

Swedish Banks Stay Shut

STOCKHOLM — The chairman of Sweden's bank employers organization, the BAO, said Tuesday that employees had turned down its latest wage proposal, meaning that a pay conflict was likely to keep Swedish banks closed for at least two more days.

"It looks as if banks could open again on Friday at the earliest," Carl Sandvik said.

The employers organization, which locked out its 62,000 staff on Jan. 29 in response to a strike threat from the union, detailed early on Tuesday its offer to increase wages by 11.2 percent. The union is pressing for at least 15 percent. A junior

bank clerk earns about 10,600 kronor (\$1,710) per month.

The wage dispute appeared to be a prelude to further labor conflicts, with strikes called for Feb. 14 that would paralyze buses and subways, close kindergartens and disrupt hospital operating theaters.

A strike of about 100,000 municipal workers for higher pay would include traffic wardens, dental assistants, social workers and telephone operators.

In Helsinki, meanwhile, Finnish bank staff and their employers said there were no plans for talks this week in the dispute that has closed most Finnish banks since Feb. 1. (Reuters, AP)

Grand Met Sells Part of Wimpy To Managers

LONDON — Grand Metropolitan PLC, the food and liquor giant, said Tuesday that it had agreed to sell some of Wimpy hamburger restaurants to a management team led by a former managing director of the chain.

The sale includes 216 table-service restaurants in Britain and 140 overseas. The price was not disclosed, but a source who requested anonymity said it was about £20 million (\$34 million).

Barry Gibbons, chief executive of Grand Met's Burger King Corp. unit, said the Wimpy operations being sold do not "fit our strategy for the development of the Burger King brand."

Grand Met spokesman Bill Bullard described the deal as a "tidy-up." He said the company had decided in September to sell Wimpy's table-service restaurants and to convert the counter-service shops in Britain to the Burger King brand.

Grand Met acquired 529 Wimpy restaurants in August from United Biscuits.

Norsk Data Reports Wider Loss for 1989

OSLO — Norsk Data A/S, the troubled Norwegian maker of minicomputers, said that its loss widened by nearly a third last year to 419 million Norwegian kroner (\$64.7 million).

The preliminary 1989 figure, which does not include extraordinary items, compared with a loss of 26 million kroner for 1988. The company said that its operating loss also widened, to 360 million kroner from 335 million kroner. Operating revenue declined 11 percent to 2.46 billion kroner from 2.77 billion kroner.

"The effect of the cost-reduction measures implemented in the second half of 1989 will start to affect the results positively from 1990," Norsk Data said in a statement.

Since last January, when it reported the first loss since its startup in 1967, Norsk Data has cut its workforce by 1,500 employees, to around 2,700, and has taken other restructuring actions in an effort to turn its business around.

Norsk's founder and president, Rolf Skant, resigned in August after the company's restructuring plan failed to show concrete results for the first half of the year.

However, Norsk said that the provisional figures showed an im-

provement in the second half, with operating revenue increasing 23 percent from the first six months. The company added that the operating loss in the second half totaled 146 million kroner, compared with 214 million kroner in the first half.

"We have now gained market acceptance for the products and solutions that we presented in the course of the year," said Erik Engbretsen, the company president.

Norsk added the improvement in the second half came amid the reorganization, which split the company into smaller, independent units. "In a weak market, the company has been able to capitalize on the advantages of having a stronger product and service offering, with autonomous business units closer to the customers," it said.

Once one of the stars of the European computer industry, Norsk has been battered by increasingly tough competition in the European industry and what analysts called a slowness at introducing products.

Many analysts believe that European companies that will eventually have to either find partners or become takeover targets as larger Japanese and U.S. concerns seek to expand in Europe ahead of the single market in 1993.

CARS: EC Split on Japan Imports

(Continued from first finance page)

Community's aim to strip away its barriers to internal trade.

It wants to negotiate a "voluntary" agreement with Japan for reducing imports after 1993, but has balked at recommending how long the accord should last and how big the restraints should be.

Most of the ministers endorsed this approach, as well as the principle that the community demand "global reciprocity" from Japan in all markets and not just the car sector, diplomats said.

But France's minister for European affairs, Edith Cresson, signaled that France was not prepared to yield on what is one of the thorniest trade issues of the single-market project.

Speaking to journalists after the talks, she praised Spain and Italy for sharing the French position. Mrs. Cresson warned that the three were ready to "close our borders if we do not obtain the position that we want."

She asserted that some countries that do not have national car companies, such as Portugal and Belgium, were beginning to understand France's position.

"If Renault, which has a factory in Portugal, runs into problems, it will be that factory which will be

first in line for 'closure,'" she warned, in a reference to the French state-owned automaker, Régie Nationale des Usines Renault.

Mrs. Cresson, already a vocal critic of Japanese trade policy, added that "countries which make liberal statements" about the imports should shoulder more of the increase during the transition period than France.

Japan's market share in West Germany, which is currently 15 percent, "should rise to 25 percent," she said.

West Germany does not restrain Japanese car imports. Quotas are imposed in France, Italy, Spain, Portugal and Britain, which is also the biggest center for Japanese carplant investment in the European Community.

Monday's debate was the first in-depth discussion of the Japanese-car issue at ministerial level. Ministers will broach the question again at a meeting on March 5.

Diplomats said that there appeared to be little possibility of a compromise being reached in March, adding that they expected a general statement on the need for some sort of transitional arrangements.

Chrysler Asks Honda to Sell Jeeps in Japan

NEW YORK Times Service

TOKYO — Honda Motor Co. said Chrysler Corp. had asked it to sell Jeep recreation vehicles in Japan, and some Honda officials hinted that an accord was likely soon.

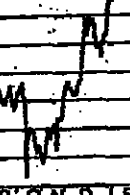
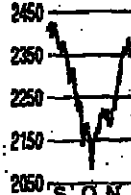
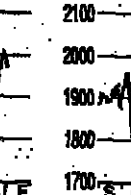
Japan's leading economic daily, Nihon Keizai Shimbun, reported Monday that Honda expected Jeep sales to reach 5,000 to 6,000 vehicles a year. A Honda spokesman said no figures had been calculated.

Chrysler's talks with Honda are another sign that its relationship with Mitsubishi Motors Corp. may be coming apart.

Chrysler's performance in Japan has been dismal, despite the fact that it owns four exclusive dealerships in Japan and that there are 43 independent dealerships around the nation that carry Chrysler cars in addition to other models.

For all that, Chrysler sold 970 cars in Japan last year, and 260 Jeep Wranglers, which are classified in Japan as trucks.

Investor's Europe

Frankfurt Commerzbank	London F.T. 100 Index	Paris C.A.C. 40		
				
Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS General	111.90	113.50	-1.41
Brussels	Stock Index	6199.59	6232.55	-0.53
Frankfurt	Commerzbank	2370.80	2369.80	-0.04
Frankfurt	DAX	1937.72	1939.43	-0.09
Heisink	UNITAS	671.60	668.60	+0.45
London	Financial Times 30	1835.60	1861.00	-1.36
London	FT-SE 100	2321.10	2348.40	-1.16
Madrid	General Index	291.35	287.26	+1.42
Milan	MBI	999	1001	-0.20
Paris	CAC 40	1916.33	1926.14	-0.51
Stockholm	Affarsvaerlden	1225.30	1231.60	-0.51
Zurich	SBS	657.00	657.80	-0.12

New IBM Models Boost Scope in Middle-Range

REUTERS
WHITE PLAINS, New York — International Business Machines Corp. announced Tuesday that it had unveiled three models of its Application System/400 computers, which it says give customers increased performance and an extended range in its midrange family.

The AS/400 models C10, C20 and C25 offer customers performance increases of up to 30 percent, 80 percent and 120 percent, respectively, over its previous low-end B10 machines, IBM said.

William Grabe, an IBM vice president, said the new units offer a high-performance, low-cost entry point for new customers, expanded growth for current B10 and B20 users, and a new migration option for users of earlier systems. IBM's sales of minicomputers and products to support the AS/400 line accounted for between \$4.5 billion and \$6 billion in revenue for 1989 and 1990, or up to 10 percent of the company's total revenue, according to analysts.

John McCarthy, an analyst at Forrester Research, said IBM has 25 percent to 27 percent of the worldwide midrange computer market. In the \$5 billion-a-year workstation market, however, IBM has had only a narrow market share since it introduced its RT products in 1985. Analysts said the company's newest workstations are aimed to expand this share.

IBM to Offer Software by Next

By Lawrence M. Fisher

New York Times Service

SAN FRANCISCO — In a long-awaited move, International Business Machines Corp. said it will offer easy-to-use software developed by Next Inc. on a forthcoming line of workstations and the PS/2 line of personal computers.

Next is the company started up recently by Steven P. Jobs, the co-founder of Apple Computer Inc.

The software, called Nextstep, is a system of commands for operating a computer and for creating new software programs. IBM will offer Nextstep on its machines running AIX, IBM's version of the Unix software operating system developed by American Telephone & Telegraph Co.

IBM also plans to offer OSF/Motif, a competing technology developed for use with Unix by the Open Software Foundation, an industry consortium.

Industry analysts said the announcement was a virtual endorsement of the technology of Next. Initial sales of the company's workstations have been sluggish. But the analysts added that it still remained to be seen whether software developers would devise new programs that work with Nextstep.

The analysts added that the Next software would not only make IBM's new machines easier to use, but would also speed the development of new software for them because Nextstep makes programming in Unix far easier.

Nextstep allows the user to use programs written for Unix, a pow-

erful but intimidating operating system, by manipulating a handheld mouse pointing device and clicking on icons displayed on the screen.

Next created Nextstep for its workstations and initially licensed it to IBM in 1988. Its price and availability were not disclosed.

The combination of Unix and Nextstep could give IBM users an alternative to OS/2 and Presentation Manager, the operating system and interface developed by IBM and Microsoft Corp. for the new generation of personal computers.

Microsoft has been conspicuously absent from the list of companies developing programs for Next; its chairman and founder, William H.

Gates, has said the Next machine is disappointing.

The adoption of Nextstep by IBM means that software developers will be able to offer versions of their programs for IBM and Next machines, ensuring them a larger market. But programs written for one company's machine will have to be adapted to run on the other, so customers will not be able to swap software between Next and IBM workstations.

"For those developers who are still sitting on the fence, we hope that having the very broad market of IBM's platforms will push them over the edge," said Mr. Jobs, Next's president and chief executive, in an interview.

Matsushita to Use Intel Chip

Compiled by Our Staff From Dispatches

TOKYO — Matsushita Electric Industrial Co. said Tuesday it will import semiconductor chips from Intel Corp. of the United States for use in its own products and marketing under the Intel name.

Matsushita, the world's largest consumer-electronics maker, said it plans to buy erasable programmable read-only chips, known as EPROMs, from Intel, though volumes and prices had not yet been decided.

Matsushita plans to market most of the chips in Japan, but some will be sold overseas. Five other firms also sell Intel EPROMs in Japan. In effect, Matsushita will become sales representative for Intel Japan KK.

A spokesman for Intel denied a local report that the deal opened the door to broader cooperation in production and research and development of advanced memory chips.

Matsushita's consolidated imports are expected to surge 49 percent, to 25 billion yen (\$173 million) in the year ending March 31, or 13 percent of total consumption. Sales totaled 5.50 trillion yen last year.

Foreign-made chips accounted for a record 12 percent of the Japanese market in the September quarter, according to the Ministry of International Trade and Industry. The United States is seeking a 20 percent share. (AFP, Reuters)

Ishida Buys U.S. Maker of Plane Parts

Compiled by Our Staff From Dispatches

TOKYO — Ishida Corp. of Japan, an affiliate of Toyota Motor Corp., said Tuesday it had agreed to buy a Florida-based maker of aircraft parts from Fairchild Aircraft Corp. for about \$6 million.

The acquisition of Crestview Aerospace Corp. is expected to be completed in April, the Nagoya-based company said. Crestview manufactures the fuselage and cabin components of commercial airplanes for Fairchild Aircraft.

Fairchild Aircraft is the commercial-aircraft division of Fairchild Industries, maker of military aircraft and space equipment.

Ishida, established by late Toyota president Taiichi Ishida, set up a subsidiary in San Francisco last month to develop and market a vertical takeoff and landing aircraft.

"Our lawyers now are in contact with U.S. authorities concerned to find out whether the deal will violate national security provisions under the U.S. Trade Act," the Ishida executive said.

There have been past indications that Toyota was interested in expanding in the aircraft field. Toyota Motor Sales USA has reportedly signed a confidentiality agreement with Lear Jet Corp. (AFP, UPI)

SIEMENS: Computer Maker Becomes More Aggressive Amid Shakeout

(Continued from first finance page)

duction divisions of Rolm Co., a maker of private telephone switching exchanges, from IBM. At the same time, it set up a Rolm distribution company together with IBM.

Siemens also bought the Bendix Electronics Group from Allied Signal Corp. for about \$250 million in 1988.

Siemens has kept right on spending. In January, it acquired a majority stake in Nixdorf Computer AG, the troubled West German computer manufacturer. Industry analysts estimate Siemens paid around 1 billion DM for control of Nixdorf.

The deal requires approval from antitrust authorities, which Mr. Kaske said he expects will be granted.

The new company, to be called Siemens-Nixdorf Informationssysteme AG, is strategically important because it will bolster the West German company's position in the European computer market, provide badly needed software and round out its product line.

But an even more significant step came on Jan. 24, when Siemens signed an agreement with IBM to jointly develop a chip capable of storing 64 million bits of information, the equivalent of 10 good-sized novels.

The highest-capacity commercial chip now holds four million bits of information. Current new generations of dynamic random-access memory, or DRAM, chips, which can store 16 million bits of information, are in the advanced stages of development.

The companies said they hope to start production by the mid-1990s and will look at ways to continue their cooperation with an eye toward producing a 256-megabit chip.

"Siemens is a company that has been changing greatly over the past five years," said Adrian Brundrett, an electrical industry analyst for Bank of Liechtenstein in Frankfurt. "The fact that IBM would enter such an agreement shows just what Siemens' standing has risen to."

An indication of how far Siemens has moved is a clause in the agreement that prohibits either company from cooperating with any Japanese concerns in memory chip development.

When Siemens first began producing one-megabit chips in the mid-1980s, it required substantial help from Toshiba Corp. to get the project off the ground.

Analysts said Siemens' second chip-development project, a successful solo effort that led to the production of a four-megabit chip at the company's Munich-Perlach plant in September 1989, came partly from the experience Siemens gained with Toshiba.

But it also benefited from the increased investment in research and development and a redirecting of money toward applied, rather than basic, research, Siemens officials agreed.

"We have tried very hard to make our research more product and market-oriented," a Siemens spokesman said. "Basic research is still very important for us, but now it is less removed from our business."

Without its success in 4-megabit chip production, the Siemens link with IBM may not have come to pass, analysts said.

"With the 4-megabit chip, Siemens got its effort together and I'm sure IBM considered that," said Mr. Brundrett.

Mr. Kaske said the two companies had reached a point in their chip development efforts where their respective experts had similar but still complementary knowledge and where further development costs would be enormous.

"The costs of going it alone are just too great," he said. "Combining our efforts makes sense for both companies."

It also puts Siemens and IBM in direct competition with Toshiba, NEC Corp. and Hitachi Ltd., the Japanese companies that dominate the global memory chip market, producing almost 90 percent of all chips.

Analysts said IBM's desire was based on the success it has enjoyed in Western Europe, particularly in West Germany, where IBM Deutschland GmbH holds about 21 percent of the computer market, by far the largest share.

For Siemens, the big U.S. electronics market is crucial to its strategy of becoming a truly global corporation.

Through subsidiaries and joint ventures, Siemens' activities in the United States include power engineering, magnetic resonance and diagnostic imaging, telecommunications, automotive electronics and medical engineering.

The company has 30,000 employees in the United States and 365,000 worldwide.

Mr. Kaske and other Siemens officials have said repeatedly that success in the United States is critical for Siemens' future.

The company has expanded steadily there and American sales

are up 10 percent in the last year, he said.

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Sweeping Through the Industry

of 6.5 billion DM now account for 11 percent of Siemens' total sales, compared with under 3 percent 10 years ago.

By consolidating Rolm's results, Siemens expects U.S. sales to be about 7.5 billion DM this financial year.

But profits have proved elusive. Siemens had an operating loss in the United States of between 300 million DM and 400 million DM in the 1989 financial year.

Mr. Kaske said total losses in the United States were 573 million DM, up from a loss of 481 million DM in the 1988 financial year.

"Our losses in the United States should be seen as the price we pay for entering the market," he said. "The valuable experience we have gained in this important market will stand us in good stead not only in the USA."

Some analysts suggested Siemens would make a major acquisition in the United States before 1991.

But such predictions are made almost every year.

"If you want to buy a halfway profitable company in the U.S. in any business, you have to pay about 15 times earnings or many times more than that company's sales," Mr. Kaske said.

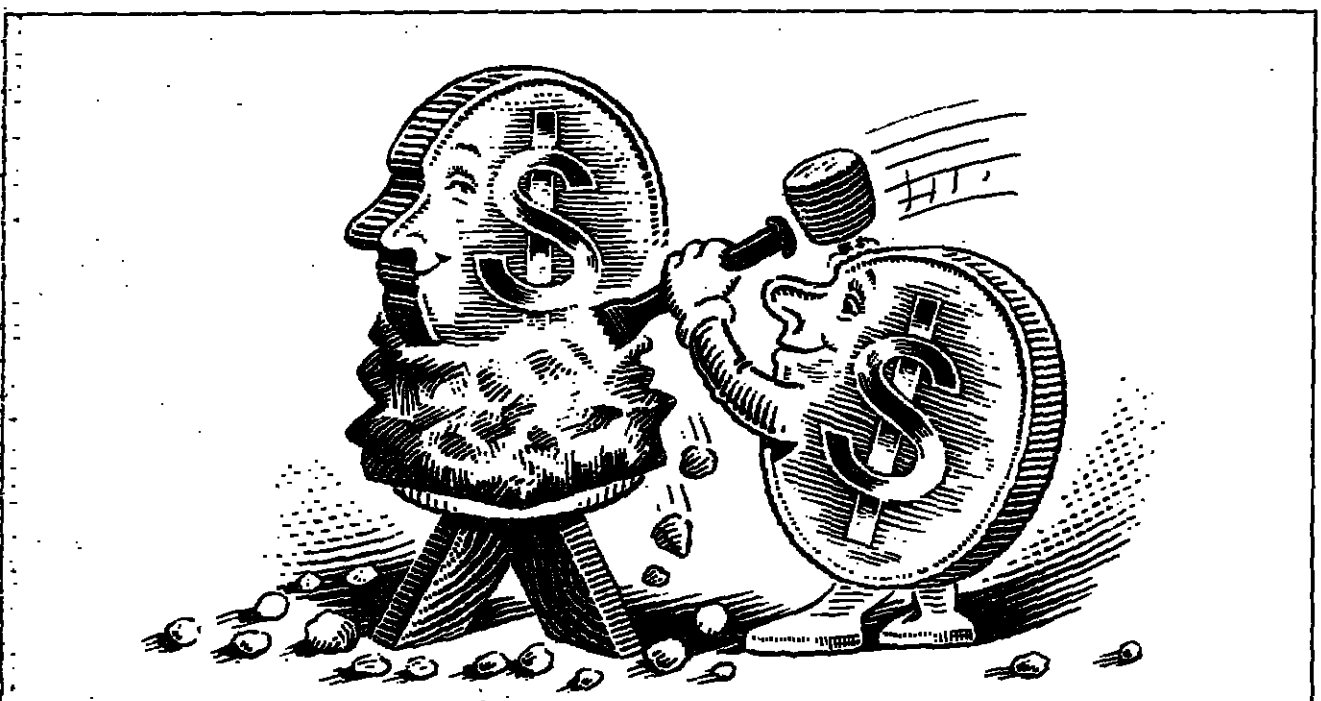
"And we would not be buying someone to strip assets, but to build up our business."

French Regain Control Of André Courreges

Agence France-Presse

PARIS — A French consortium has regained control of the haute couture firm André Courreges SA after a two-year dispute between the company's founder and Japanese shareholders, the Astor investment company said Tuesday.

A group comprising Astor, the Institut de Développement Industriel and two individual investors has acquired a 50.02 percent stake in Courreges from the Japanese group Itochin, which is to sell the French group a further 24 percent of the company's shares.



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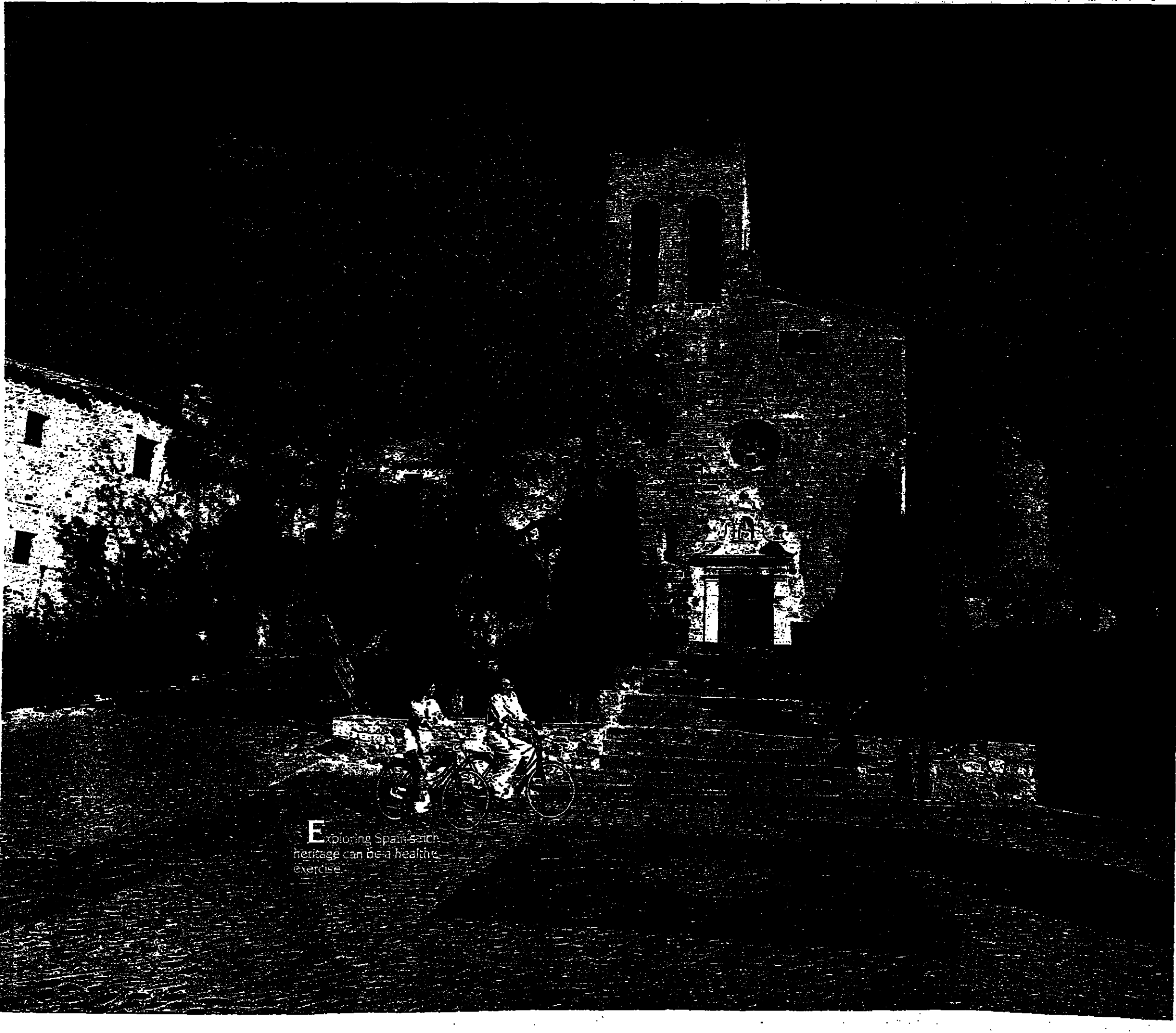
Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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Exposure To Qintex Hurts FAI

SYDNEY — Exposure to the troubled Qintex and Bond groups hurt results at FAI Insurance Ltd., which reported on Tuesday a 51.7 percent drop in earnings during the half-year ended Dec. 31.

FAI blamed a write-down on investments and its first underwriting loss in nine years for the profit of 17.56 million Australian dollars (\$13.4 million). But the chief executive, Rodney Adler, said the result was satisfactory "in view of economic conditions and market forces."

Mr. Adler did not give details of the write-down, but said it concerned FAI's exposure to the Qintex Australia Ltd. group, which is now in receivership, and other equity investments.

The results were also affected by FAI's exposure to Bond Corp. Holdings Ltd., which is fighting off several court attempts to wind it up.

FAI has cut its exposure by acquiring various Bond assets, including the Mt. Moritz Hotel in New York for 225 million dollars.

Elders Looking at Swan
The chairman of Elders IXL Ltd., John Elliott, said Elders would like to buy Swan Brewery Co., the Perth brewing unit of Bond Corp. Holdings, if it becomes available, Reuters reported from Sydney.

The news agency Australian Associated Press quoted Mr. Elliott as saying that Elders was not yet in discussions about Swan, but was "waiting for the outcome of the whole Bond situation."

'Made in Bali' Label Catches On Abroad

By Michael Richardson

International Herald Tribune

DENPASAR, Indonesia — Passing for a moment amid the click and whirr of sewing machines, Nyoman Sandat studied a specification sheet for the dress she was stitching together in a village compound on the outskirts of this bustling capital of the island of Bali.

Then, with a touch of her feet to the pedals, she continued to guide the green jersey knit deftly under the bobbing needle and thread of her machine. When completed, the dress would be exported to France.

In villages across Bali, thousands of Indonesians skilled in dyeing, sewing and embroidering have in the past few years found work in a hand-made garment industry that is having difficulty keeping pace with orders from the boutiques and high-fashion stores of Europe, North America, Japan and Australia.

As one U.S. buyer put it, Balinese garments have acquired "an image of individuality, innovation and quality" around the world.

But the boom does have its echo of problems. A shortage of air freight space on planes leaving Bali, sharp increases in the cost of fabrics and quota problems in the U.S. market could, industry sources say, crimp expansion.

Bali's exports of hand-made clothing surged to about \$80 million in 1989, a four-fold jump from 1986. Foreign buyers estimate that after market through the distribution chain, the 1989 retail sales of this casual and fashion wear were almost \$300 million.

A flood of foreign tourists to Bali, progressive deregulation of the Indonesian economy, improvements in communications and the development of close links between Indonesian entrepreneurs and over-

seas buyers have helped create "a giant cottage industry for handicraft garment exports," said Muzaffar Hussain, director of C.V. Maimoon, one of the largest of the island's 45 registered clothing exporters.

Kembar Kerepun, regional chairman of the Indonesian Textile Association, said Bali-based cloth-

David Wheeler, an American economist, is a model for how other parts of Indonesia, and other developing countries, can encourage the spread of a light, labor-intensive domestic industry with a rural orientation.

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Japanese textile factories produce jeans, shirts and other mass-produced casual wear for both local and export markets.

But the Bali-based industry, explained Jane Hawkins, the buyer for leading U.S. stores who praised Balinese innovation and quality, provides clothing that has value-added appeal because it is hand-made.

"The Balinese are very smart," said Milo Migliavacca, an Italian designer. "They can develop an idea that is given to them and improve on it."

Mr. Wheeler, associate professor of economics at Boston University, said the Balinese have shown they can "compete successfully in international boutique markets characterized by small batch orders, short fashion seasons, design, and high quality-control standards."

He headed a team of U.S. and Indonesian economists that made a study of the garment industry's growth since Bali began to attract large numbers of tourists in the 1970s. The Bali model, he said, "is unique in Indonesia and, indeed, in much of the developing world."

Tourists first bought the shirts, blouses, dresses, trousers and other garments that were sewn, embroidered, sequined or painted by hand.

"When they went home, friends and others liked the look of these things and asked where they came from," said Mr. Hussain of C.V.

Western diplomats say such decentralized employment is needed to prevent uncontrollable urbanization and social unrest in Indonesia, the world's fifth-largest nation.

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Samsung Sets Sale to Poland Of Phone Gear

The Associated Press

SEOUL — Samsung Electronics Co. said Tuesday that it had agreed to sell \$50 million in telephone switching equipment to Poland.

Under an agreement with Poland's Telecommunications Ministry, Samsung said it would sell and install switching equipment and also co-produce telephone sets and facsimile machines in Poland.

No additional details were available about the co-production agreement.

Company officials said the work would be part of Poland's five-year plan to install more than 400,000 telephone lines at a cost of \$4 billion.

Samsung also agreed with Hungary's Orion Radio & Electrical Works to bid jointly on a tender by the Hungarian government.

Wages are very low, by most world standards, and Ida Bagus Oka, the governor of Bali, has said that even so some subcontractors underpay their workers. He has suggested that villagers form cooperatives to guarantee fair treatment.

Miss Sandat, who moved from home village 12 months ago to work on the outskirts of Denpasar, said she earned an average of about 2,000 rupiahs (\$1.11) a day but also received free food and lodging. Highly skilled embroiderers can earn 4,000 rupiahs a day.

Tejia Hadi, marketing manager for P.T. Mama & Leon, said that subcontractors and many of the village workers used by his garment export company "are women who get married, went home, had children and then wanted to supplement family income by working."

China Resumes Wheat Purchases From France

Reuters

PARIS — France is shipping wheat to China, raising hopes that Beijing has lifted French officials called an unofficial ban on French grain purchases, trade sources said Tuesday.

Last year, the French national cereals office said China, usually a major client, had shunned French wheat because of strained relations. President Francois Mitterrand was a strong critic of China's crackdown on dissidents in June.

Now, European grain traders are substituting French soft wheat for more expensive British wheat in exports to China, exporters said. The French wheat is shipped in small quantities and falls under 1989 contracts for British wheat.

Traders said the wheat switch was approved by Beijing, convincing some exporters that China will soon buy larger quantities.

McDermott, based in New Or-

leons, has annual revenue of \$2.4 billion. Much of its business is overseas.

World Bank officials said their board would take up two China loans Thursday, one for \$60 million in agricultural projects in Jiangxi province in eastern China, and one for \$30 million for earthquake reconstruction in Shaanxi and Hubei provinces in north China.

The actions of both the Export-Import Bank and the World Bank come against a backdrop of sharp congressional criticism of the administration's policies on China.

[Asian diplomats said that the release of China's top dissident, who is held up in the U.S. Embassy in Beijing, has been delayed by the West's unwillingness to resume government and commercial loans, Reuters reported from Tokyo.]

[The position of Beijing is that Fang Lizhi, the dissident, cannot be allowed to leave the country until loans to China are resumed, an Asian diplomat said.]

U.S. Agency Clears Loan to China

By Clyde H. Farnsworth

United Press International

WASHINGTON — The Export-Import Bank, an agency of the U.S. government that provides credit to the customers of American exporters, has made its first loan to China since the military crackdown against pro-democracy demonstrators in June, bank officials said.

The loan is believed to be the first to China by any Western lending agency since June.

The \$9.75 million loan to China National Offshore Oil Corp., was signed in Washington on Friday.

Wary of criticism by those who believe its China policies have been too lenient, the U.S. administration did not announce the action.

Last month Beijing lifted martial law, and the Bush administration responded by easing some sanctions against China, including ending its blanket opposition to World Bank loans to China.

The new loan will enable the Chinese oil company to finance engineering services for a gas-processing plant that the Chinese state enterprise is buying from McDermott International Inc.

Bank officials said that the loan, which is for 10 years at an annual interest rate of 8.3 percent, had been approved after the bank's board determined that the U.S. company would lose the contract without government financing.

For most of its loans, the bank looks for a guarantor, usually the national bank of the country receiving the goods. But in this case, the guarantor is Mitsui & Co., a giant Japanese trading concern that has close commercial relations with the Chinese oil enterprise and with McDermott.

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SPORTS

Baseball Owners the Doomsayers Again Despite Fat and Happy '80s

By Richard Justice
Washington Post Service

WASHINGTON — The man in the street may not understand. Not this time. Not with baseball in this era of incredible prosperity.

The man in the street wonders how they could shut down spring training at a time when players are making record salaries and owners are raking in record profits. For once, won't their loss be worse than his?

What could possibly be wrong with a game that has established attendance records six years in a row, has just doubled its television revenues and never has seen so many teams with realistic chances of challenging for postseason play?

The man in the street knows the '80s were good to his game. The average annual player salary went from \$143,756 to \$490,000. Attendance almost doubled, and virtually every team is making money. Total industry revenues run around \$1.6 billion.

The value of franchises increased again and again. The Baltimore Orioles sold for \$12 million in 1979 and for \$70 million in 1988. Today, their value probably has soared past \$100 million.

Baseball is in such terrific shape that last spring Peter Ueberroth, then the baseball commissioner, asked owners to roll back ticket prices by 75 cents, saying it would send fans a message that owner-

ship was willing to share its prosperity. He left office two weeks later and no action was ever taken.

On the field, eight different clubs won the World Series during the 1980s, and 22 of the 26 teams got into postseason play. Oddly, the New York Yankees—a team that was supposed to spend the competition into oblivion when free agency began in 1976—failed to win a World Series for the first decade in their history.

In short, the game is robust, and not even the owners, who say the current salary system must be changed, will argue that. In fact, they say whatever problems they face will not come until 1994 or later, years that are not being negotiated in the current labor dispute.

Yet the game is headed for a shut-down. The owners are expected to announce on Friday that they will not unlock spring training gates until a new collective bargaining agreement is reached.

It is believed that 18 of the 26 owners strongly favor the lockout and do not want the game restarted until the players agree to some form of revenue sharing. The players, who say that salaries could decrease and free agency would be restricted by any form of revenue sharing, are in no mood to give up what they have won in court.

Relations between players and owners have not been good since free agency

began, but since the owners were found guilty of illegally conspiring to kill free agency, they've never been worse. Both sides are dug in and ready to fight.

Although baseball had work stoppages in 1976, 1981 and 1985, this one is different. For once, it's the owners who are ready to shut down the game. For once, the players have asked for nothing and likely would accept a rollover of the current agreement.

This, too, is the most complex disagreement because the owners can't articulate their problems, especially because almost all agree the current system has worked beautifully. When free agency began, dozens of owners warned the game would be destroyed by spiraling salaries and that all the good players would end up on one team.

That did not happen, and yet, in a sense, that is what the owners are arguing again. They are asking the players to come to the bargaining table and agree to solve problems that may not exist for several more years, if ever. They are saying that if the current salary escalation continues, the competitive balance of the game is in jeopardy because teams in smaller television markets won't be able to afford the top players.

Teams now devote about 34 percent of their revenues to salaries. What the owners have proposed is that they put 48 percent of selected revenues—about 38 percent of total revenues—into a salary pot. Players with six years of service

would still be eligible for free agency, but players with less than six years would be paid by plugging playing-field statistics into a computer, ranking the players and paying them according to rank. Leftover dollars would be spent on free agents.

Using statistics to determine salaries always has been tricky business and no

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one would still be eligible for free agency, but players with less than six years would be paid by plugging playing-field statistics into a computer, ranking the players and paying them according to rank. Leftover dollars would be spent on free agents.

No Progress in Latest Negotiations

By Murray Chass
New York Times Service

NEW YORK — Negotiators for baseball club owners and players met for five hours and could report agreement only on a labor-management committee that will meet three times a year and discuss labor relations issues. That's after they have a new collective-bargaining agreement.

The problem is that the new agreement isn't coming so quickly. The negotiators would not budge Monday on the major issue: the revenue-sharing proposal by owners, which is leading both sides toward a spring training lockout.

"There were no breakthroughs; no particular progress was made," Donald Fehr, the executive director of the Major League Players Association, said. "We re-played a lot of old ground."

Negotiators for the owners have set Friday as the deadline for some type of agreement. If none is achieved in the next two days of

bargaining, the Player Relations Committee will tell the owners at a meeting in Chicago on Friday that spring camps will not open as scheduled Feb. 16.

"The thing about deadlines, whether you like them or not," said Charles O'Connor, counsel for the owners' Player Relations Committee, "is they do put pressure on everybody in that room and in that sense inject a sense of urgency."

The players, however, do not seem to reflect that urgency because they feel that the owners have imposed an unnecessary deadline.

Some have speculated that the owners may decide Friday to open camps as scheduled, then lock out the players later in spring training if no agreement is reached.

"Anything is possible," O'Connor said. "I don't think it's probable. I'm working on the assumption that the clubs reached a fairly conscious decision in looking at the past history of when baseball has been interrupted as a result of labor stoppages, and decided that we

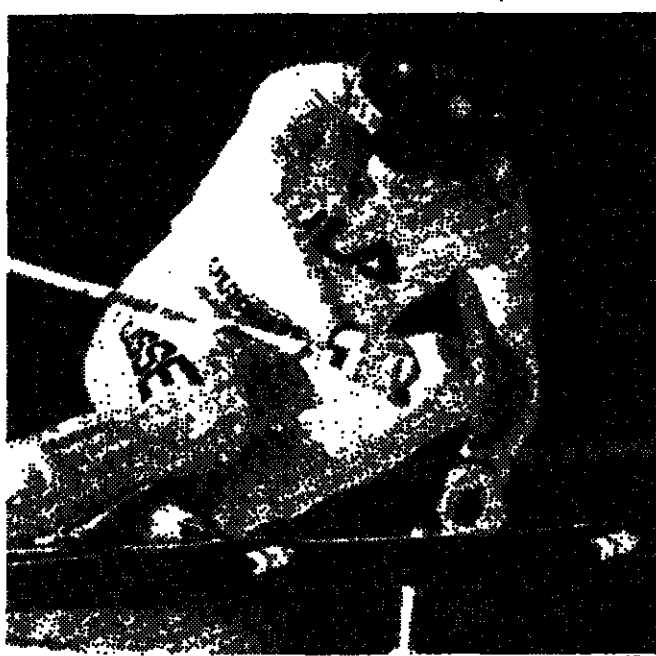
might as well settle these issues before the regular season starts."

The owners, at a meeting in New York last July, endorsed the PRC bargaining "approach," O'Connor said. That approach, he added, included the revenue-sharing proposal and a lockout if no sort of agreement were reached by the scheduled start of spring training.

The two sides have done a better job of working toward agreement on minor issues than the major stumbling block. In the first half of the meeting on Monday, they agreed to establish a formal committee of general managers, owners and players to discuss matters that arise during the year.

O'Connor was asked why the negotiators did not spend all of their time on the major issue of revenue sharing.

"Sometimes," O'Connor said, "you beat it to death. It's good to have other issues to get to. You solve a minor issue, you get a little momentum, then you say let's go back and tackle the major issues."



STAYING OUT FRONT — Pirmin Zurbriggen of Switzerland winning the super-giant slalom Tuesday in Italy. See Scoreboard.

SIDELINES

Coaches for Cardinals, Jets

NEW YORK (AP) — Bruce Coslet, offensive coordinator for the Cincinnati Bengals, was named head coach of the New York Jets on Tuesday, and the Phoenix Cardinals reportedly hired Joe Bugel, a Washington Redskins assistant, as head coach.

Coslet, 43, a Bengals assistant since 1981, became offensive coordinator in 1986. Last season, the Bengals had the AFC's top offense. He replaces Joe Walton, who was fired Dec. 26.

Bugel, 49, has been a Redskins assistant for nine seasons. He started as offensive line coach for the Detroit Lions in 1975-76 and coached the Houston Oilers offensive line from 1977-80. He replaces Gene Stallings, who was fired Nov. 20.

Giants' Thompson Signs

NEW YORK (AP) — The San Francisco Giants have agreed with second baseman Robby Thompson on a three-year, \$4.3 million contract. Thompson was the last of the Giants' 11 arbitration-eligible players to agree to a contract.

Thompson, who made \$535,000 last season, hit .241 with 13 home runs and 50 RBIs. He led the National League with 11 triples and scored a career-high 91 runs.

For the Record

Major Harris, the University of West Virginia quarterback, has denied news media reports he has made up his mind to turn pro before his senior year. Harris said he would make an announcement next week if he decides to make himself available for the NFL draft in April.

FIFA, world soccer's governing body, called Tuesday for legalizing agents who set up transfers of players and coaches, because the practice, while officially banned, is widespread. National federations should license professional agents and charge deposits on their deals, rather than letting them make uncontrolled profits in a "haze of illegality," FIFA's general secretary, Joseph Blatter, said.

Roger Kingdom, the two-time Olympic champion, who set the world record in the men's 110-meter high hurdles, was named Tuesday as winner of the 1990 Jesse Owens International Trophy Award given by the International Amateur Athletic Association.

Correction

An article published Jan. 31 incorrectly implied that International Management Group managed and promoted Moscow's first sanctioned women's tennis tournament last October. It was handled by ProServ.

BOOKS

DADDY, WE HARDLY KNEW YOU

By Germaine Greer. 320 pages. \$19.95. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Jonathan Yardley

THREE years ago Germaine Greer, the noted feminist and star of television chat shows, returned to her native Australia to begin a journey into her family past. Her father, Reg Greer, had died not long before, and she now felt free to probe the mysteries of his unexplained and, she suspected, largely fictionalized life-mysteries, which not merely had haunted her for years but had left her with a sense of uncertainty and incompleteness about her own identity.

It is a fetching subject for a book, so it is a pity that Greer hasn't made a better one out of it than "Daddy, We Hardly Knew You." On several occasions she tells the reader, in keeping with the confessional mode she has adopted, that she came to the task armed with a generous contract from her British publisher, and this may well be the problem; for all her efforts to imbue the book with longing and passion, it has the feeling of having been written to order rather than from the heart, with the result that it never manages to engage the reader emotionally.

In Greer's protracted search, it is a quest that begins with questions

about Reg Greer's service in World War II, for which he departed when Germaine was a small child and from which he returned a diminished, if not wrecked, man. "What did they do to him?" his daughter wondered for years thereafter. "We children knew next to nothing at all about Daddy and we knew too that we had no right to find out."

As a colleague put it: "He gave the impression of being quite a well-educated man. But now I come to think of it, he really was mysterious. I've worked in all kinds of jobs all over the world, and I've never worked for anybody I knew so little about. Something murky about it."

It is this murky that his daughter explored, on the whole with strikingly successful results, though ones not calculated to afford her undiluted joy. She learned that the "anxiety neurosis" that caused her father to be mustered out of the service was a legitimate ailment, caused by stress in the conditions of his posting at Malta; whatever else he may have been, Daddy seems not to have been a coward, and for his daughter that came as no small relief.

Otherwise, though, Reg Greer turns out to have been a bundle of deceptions, dissimulations and lies. He was the Melbourne advertising representative of the Adelaide Advertiser, and he was good at his job, but beyond that all else turns out to have been invention. "He was English, born in South Africa, brought up in Tasmania." That was his line, one his family

was all too happy to believe, because it lent him, and thus by association his wife and children, a certain urbanity. The only trouble was that it bore not even passing resemblance to the truth.

What that truth is, the reader may discover for himself. Not surprisingly it is a truth quite less glamorous than Reg Greer — the name, of course, was a fabrication — would have wished it to be, but his daughter well understands that it has its own dignity.

In the end Germaine Greer comes to terms with Reg Greer, though hardly to a full acceptance of him; to say that in the end father and daughter are reconciled would be to sentimentalize the quite tougher conclusion Greer reaches. It is a conclusion, though, that is denied real force by the oddly mechanical nature of this book.

Jonathan Yardley is on the staff of The Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

1 THE BAD PLACE, by Dean Rusk
2 VINEYARD, by Thomas Pynchon
3 RULING PASSION, by Judith Michael
4 DADDY, by Germaine Greer
5 CARIBBEAN, by James A. Michener
6 COLD HARBOUR, by Jack Higgins
7 HARMFUL INTENT, by Robin Cook
8 CLEAR AND PRESENT DANGER
9 THE DARK HALF, by Stephen King
10 DEVICES AND DESIRES, by F.D. James
11 TALES FROM MARGARITA-VILLE, by Jimmy Buffet

12 COUNTERATTACK, by W.E.B. Griffin
13 WHITE NINJA, by Eric V. Lustbader
14 FOCAL POINT, by Michael Lewis
15 MYSTERY, by Peter Strub

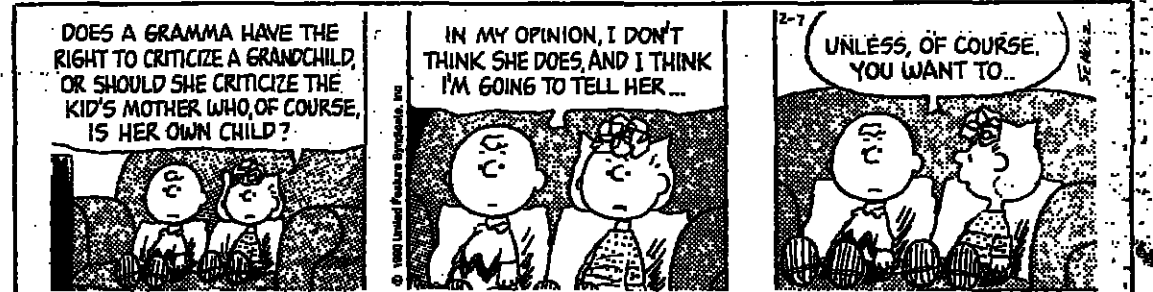
NONFICTION

1 MEGATRENDS 2000, by John Naisbitt and Patricia Aburdene
2 LIAR'S POKER, by Michael Lewis
3 IT WAS ON FIRE WHEN I LAY DOWN ON IT, by Robert Fulghum
4 BARBARIANS AT THE GATE, by Bryan Burroughs and John H. Coatsworth
5 ALL I REALLY NEED TO KNOW I LEARNED IN KINDERGARTEN, by Robert Fulghum
6 THE TEMPTING OF AMERICA, by Robert H. Bork
7 A BRIEF HISTORY OF TIME, by Stephen W. Hawking
8 THE CUCKOO'S EGG, by Clifford Smith
9 MY TURN, by Nancy Reagan with William Novak
10 AMONG SCHOOLCHILDREN, by Tracy Kidder
11 DRIVE, by Larry Bird with Bob Ryan
12 ROSEANNE, by Roseanne Barr
13 ALL MY BEST FRIENDS, by George Burns with David Fisher
14 EDUCATION OF A WANDERING MAN, by Louis L'Amour
15 WHO NEEDS GOD, by Harold Kushner

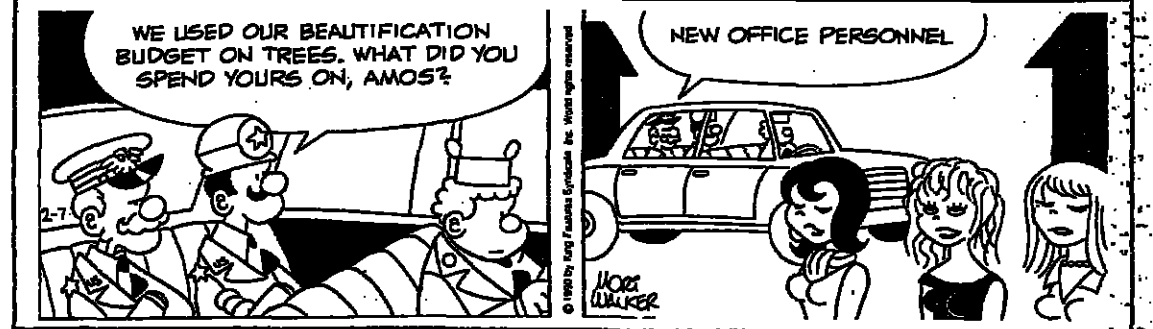
ADVICE, HOW-TO AND MISCELLANEOUS

1 WEALTH WITHOUT RISK, by Charles J. Givens
2 THE GREAT WALDO SEARCH, by Martin Handford
3 THE T-FACTOR DIET, by Martin Handford
4 THE WAY THINGS WORK, by David Macaulay
5 THE FRUGAL GOURMET COOKS THREE ANCIENT CUISINES, by Jeff Smith

PEANUTS



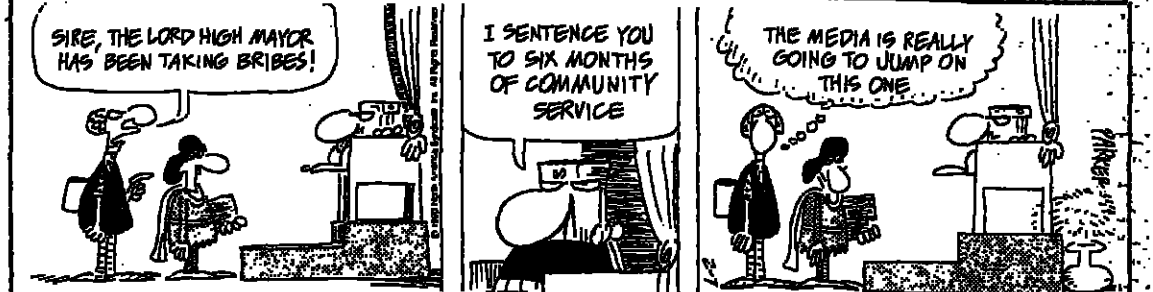
BEETLE BAILEY



ANDY CAPP



WIZARD of ID



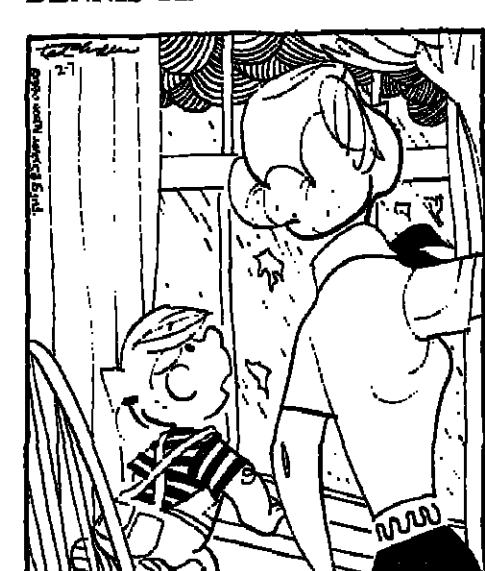
REX MORGAN



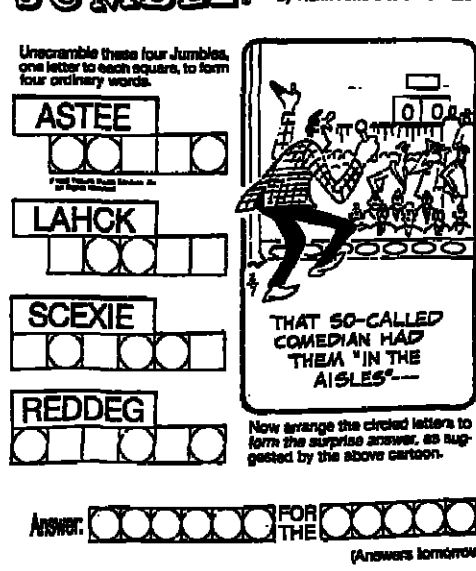
GARFIELD



DENNIS THE MENACE



JUMBLE



BLONDIE



"WHAT DOES FATHER NATURE DO?"

Yesterday's Jumble EXIDE PARCH CORRAL FARINA
Answer: An outfit that makes one woman look often makes others look this—"HOUND"

SPORTS

Juventus, Boniperti: Divorce, Soccer-Style



In his playing days, Giampietro Boniperti scored 177 goals for Juventus.

LONDON — After 44 years — the whole of Italy's postwar history — Giampietro Boniperti is no longer central to the running of Juventus Football Club of Turin. This is no obituary. It is something more emotive, something almost as controversial as divorce in a Roman Catholic royal family.

As a player, blond and olive-skinned, Boniperti was Juventus's Golden Boy, Italy's captain. In retirement, he became schooled in business and has served as Juventus president since 1971.

No more. Though he assumes the title of honorary president, he relinquishes control. His resignation on Monday was surprising only in its suddenness; results, the crude final analysis in sport, suggest that either he lost touch or ran out of luck.

The game moves on. In the end it passes us all by. Its skills, its values, sadly even its ethics, become tuned to a faster age. But when the furor over Boniperti's departure dies down, his conversion from working class youth to millionaire will be recognized as the fruit of a loyalty we shall not see again.

Boniperti's skill and judgment were special gifts handsomely paid for by Gianni Agnelli, who owns Juventus. As head of Fiat, Agnelli must undoubtedly play as hard a business hand as anyone on earth. But what distinguishes him from other industrialists involved in soccer is that it is to him a compulsion, a game. Improbable though it sounds, the sport arouses a soft, child-like awe in him.

And when a man such as Boniperti catches Agnelli's eye for his skill on the ball, then wins his trust as a person, it is very hard to lose it.

In Agnelli's house two years ago I heard a friend beg Agnelli to find a newer, more dynamic president. Agnelli did not open his mouth. The eyes told everything. While such a decision in business would not tax him, this was different. Boniperti belonged to virtually every sporting joy Agnelli had known.

Together they had served "La Vecchia Signora," the old lady, as Juventus is known, for nigh on half a century. Agnelli, the aristocrat, had the money but coveted Boniperti's command of the play and his eye for new talent.

"I have been spoiled in my life," Agnelli says. "To have had so many marvelous, marvelous players."

Boniperti was spoiled, too. His own home is rich in carved woodwork, his suits of the finest mohair, his wife and children accustomed to drinking from the cup of Agnelli wealth.

Born in Novara province in 1928, Boniperti played for his local team, Momo, but then only for Juve (444 times, 177 goals) and Italy (38 times, 8 goals).

In his heyday, Agnelli imported John Charles, the "gentle giant" Welsh center-forward, and Omar Sivori, the crafty Argentine, to share the attack with Boniperti.

"I'm told, Boniperti occasionally savagely used an elbow to augment his flair. Rudimentary self-protection, I don't doubt, for it's hard to believe Italy ever had an age of total innocence. Boniperti the president certainly possessed a fox's cunning, though he acquired etiquette and charm."

"He has more good sense than anyone of us," said the late Gigi Peronace, the agent who talked some of Europe's finest stars into joining Juventus. "If Boniperti looks once, twice, he doesn't need to look again."

John Charles, who more than once fell on hard times and was offered a hand back to riches by Boniperti, agreed: "Boniperti is a good judge, a wealthy man. And once he quit he never looked on a pair of boots again."

Tardelli, Bettiga, Platini, Bonetti, Brady... just a handful of great performers Boniperti put into the zebra-striped shirt of Juve.

Agnelli adored them, criticized them, applauded them. He endlessly quizzed Boniperti on what makes players tick. Boniperti has a nice, secret smile over this. "Mr. Agnelli," he observed, "is a wonderful man. He has this great love for football but will never know what makes a great player."

If Boniperti could ever explain to Agnelli, I doubt he would. That secret is the bond between them. Hurt and piqued as Boniperti evidently feels today, and quarrelsome as their Latin relationship might have seemed, he was probably given five years too long in the chair.

In those years, overtaken by the Milan clubs and by Napoli, it became obvious that Juventus was a withering

vine. Monday's resignation merely accelerated change planned for this summer.

Luca di Montezemolo, whose hands are full right now organizing the 1990 World Cup finals, is the intended successor.

Montezemolo agreed to join the board but asked to consider the presidency after the World Cup. He says he was surprised when the news broke that Boniperti had resigned following a page-one story in La Stampa (a newspaper owned by Agnelli) in which Michel Platini criticized the running of Juventus.

But Platini had heard that, although Platini declined to manage the Juventus team, he has an escape clause in his contract with the French national team.

Should summer bring in Montezemolo as president and Platini as team manager, will the chemistry be right for Juve?

Few should question Agnelli's judgment of personnel. He has a rapport with Platini and a devout trust in Montezemolo.

Yet Platini, a visionary performer, has no managerial pedigree, and Montezemolo, though he has run Agnelli companies and has a degree in commercial law, is an unknown quantity in club soccer.

Is either man devious enough for the sometimes crooked business of soccer? Negotiating a \$10 million contract for Alain Prost to drive for Ferrari, as Montezemolo recently did, is no rehearsal for dealing with unscrupulous agents and soccer stars of sometimes shallow intellect.

It would, I suspect, drive Montezemolo mad. Furthermore, the nub of this story, the central character, is not Boniperti but Agnelli.

He, at the real overlord, still craves not merely the best team but the most stylish. What laudable, purist sentiments. How splendidly old-fashioned.

But Boniperti's inability to get him the players he wants is tied to Agnelli's belief that some of the spending of his rivals — men prepared, as Agnelli is not, to use soccer as a business tool — is insane.

I share his view. I warm to his spirit. And I am old-fashioned enough to hope that what I suspect is his final almighty effort to raise his old lady above the opposition triumphs.

Sometimes the game moves on too fast for its own good.

Rob Hughes is on the staff of the Sunday Times.

Three-Point Baskets Making Shooters Believers in the NBA

By Clifton Brown

New York Times Service

NEW YORK — Whenever the shot is made, the referee raises both hands, the crowd buzzes a little louder and three points are added to the scoreboard.

Not everyone embraced the three-point shot when it was introduced in the National Basketball Association 10 seasons ago. Some thought the three-pointer was an ill-conceived gimmick that was appropriate for the defunct American Basketball Association. But a three-point shot in the NBA? What would Dr. James Naismith say?

"I remember those meetings when we were discussing whether to add the three-pointer," Jack McCloskey, the Detroit Pistons' general manager, said. "All the old ABA people wanted it, but a lot of the NBA people didn't. We figured first they'd try to sell us on the three-pointer. Then they'd want us to use that darn red, white and blue basketball. Then what? If it wasn't for the guys who felt so strongly about it from the ABA, it never would have passed."

Ten years later, almost everyone in basketball sees the merits of the three-point shot. It has given more impact to smaller players and has provided another weapon for outside shooters. It has provided exciting moments and dramatic comebacks.

It has drawn defenses farther from the basket, creating more operating room for post-up players. And it has added strategy to last-minute situations.

When the NBA convenes in Miami this weekend for the All-Star Game, the three-point shot will get an appropriate showcase for its 10th anniversary.

Michael Jordan is participating in the three-point shooting contest on Saturday for the first time, 8-1/2 years after he first made the shot. He has already made more three-pointers this season than in his last three seasons combined.

"It wasn't a planned thing, it just happened," Jordan said. "It makes guys have to play me farther from the basket. If they get up on me, I can take the shot. It opens up our offense and gives the other team something else to worry about."

Opponents are not thrilled with Jordan's discovery. "That's all a guy like Michael Jordan needed, another shot, right?" Treat Tucker of the New York Knicks said.

But just as it took Jordan a few years to become solid on the three-point shot, the league went through a gradual adjustment process, too.

In the early 1980s, many teams used the three-point shot strictly as a comeback weapon, or as a desperation shot at the end of quarters. In 1979-80, the Atlanta Hawks took only 75 three-pointers the entire season.

Compare that to today, when teams usually attempt at least 10 three-pointers in a game. As coaches and players become more comfortable with the shot, they devised new ways to use it.

"About five years ago, I don't think teams spent much time at all working on the three-point shot during practice," Jerry Reynolds, the general manager of the Sacramento Kings, said. "Now every-

body has set plays to get people open for three-pointers."

"Do I like it? You bet. We still hold the record for making 16 three-pointers in one game last year. And I'm taking full credit for that. It's one of the few positive records that the Sacramento Kings have."

The average number of three-

'We still hold the record for making 16 three-pointers in one game. And I'm taking full credit for that.'

Jerry Reynolds, general manager of the Sacramento Kings.

pointers taken has increased steadily every season since 1982-83. The Boston Celtics, thanks largely to Bird's influence, were instrumental in the shot gaining more league-wide acceptance in the mid-1980s.

During the early '80s, the three-point shot was still largely disdained by many of the better teams. But the Celtics took three-pointers freely and won.

The ability of Bird and Danny Ainge to make three-pointers made it easier for Robert Parish and Kevin McHale to operate inside. And Bird had the knack of making three-pointers when it was particularly demoralizing to the opponent.

"It's a back-breaking shot if you hit it at the right time," said Magic Johnson of the Los Angeles Lakers, who has done it himself many times. "I know, because Larry has done it to us a couple of times when we played Boston."

"You'd be out there playing, and you'd be thinking, 'We can't give up two points now, but it'd be even worse if we gave up three.' Then wham, he'd hit the shot."

According to Ainge, the Celtics rarely called plays designed to free Bird for three-pointers.

"Larry had the green light; I had more like the flashing yellow light," Ainge, who now plays for Sacramento, said.

"Personally, I know it has made me a better player, and there are other guys who have benefited from it, too," Ainge said. "Take Michael Adams in Denver. You can't give him the three, but when you get up in his face, he goes by you like you're standing still."

The Knicks, under the coaching of Rick Pitino, took the three-point shot with a frequency that was previously unheard of. Last season the Knicks took 1,147 three-point shots, the first team to hoist more than 1,000 in one year.

The league shooting percentage for three-point shots is still in the low 30 percent range, so it is difficult to win while relying on that shot.

The Knicks are second in three-point attempts this season, behind Cleveland, but as the Knicks' coach, Stu Jackson, said: "We've all but wiped out the three-pointer where we just come down quickly and launch it. I never liked that."

"If we work the ball inside, throw it back out, and get a good look at the basket, fine," Jackson said. "But I don't think you'll see us taking 1,100 of them in one season again."

People will continue to see the three-point shot, although it is not a shot in everyone's repertory. Kareem Abdul-Jabbar made just one three-point shot in his career. Patrick Ewing has never made one. Bill Cartwright has never taken a three-point shot since 1984. James Donaldson of Dallas is in his 10th season in the league and has never

La Salle Star 10th Best on NCAA List

The Associated Press

Lionel Simmons scored 26 points Monday night in Philadelphia to jump to 10th place on the National Collegiate Athletic Association career scoring list while leading 14th-ranked La Salle to its ninth straight victory, 72-59, over St. Peter's.

Simmons, with 2,845 points,

COLLEGE BASKETBALL

passed Otis Birdsong, who scored 2,832 at Houston from 1973-77. The 6-foot, 7-inch (2-meter) senior needs six points to pass Indiana State's Larry Bird for ninth place.

"I never expected to score this many points in my career," Simmons said. "Every high school player wants to go to college hoping to score 1,000 points in his career. I felt I was lucky to get 2,000, but I never even dreamed it would reach 3,000."

The NCAA's all-time leading scorer is Pete Maravich of Louisiana State, with 3,667 points, followed by Freeman Williams of Portland State, with 3,249, and Harry Kelly of Texas Southern, with 3,066. Others in the top 10 are Oscar Robertson, Danny Manning and Elvin Hayes.

No. 6 Syracuse 74, Seton Hall 65; Stephen Thompson scored 26 points and the Orangemen made seven of 10 free throw attempts during the final 2:23 in Syracuse to extend their dominance over the Pirates to 19 games. Syracuse (17-3) won its fifth straight. Seton Hall has not beaten Syracuse since 1981.

No. 9 UNLV 105, Sam Jose St. 69. In Las Vegas, Larry Johnson had 18 points and 16 rebounds and five teammates also scored in double figures for the Rebels (17-4) in the Big West Conference game.

No. 10 Purdue 67, Northwestern 66; Stephen Schaeffer scored 16 points, including the basket that broke a 59-59 tie in Evanston, Illinois. A basket by Tony Jones and



DOWN AND OUT — The Seattle SuperSonics' Nate McMillan blocks guard Tyrone Bogue as the Sonics, prevailing 101-100, barred a home victory for the Charlotte Hornets.

four straight free throws by Woody Austin in the closing minute sealed the decision as Purdue (17-3) rebounded from its only Big Ten loss, in its last outing against Michigan State.

No. 11 LSU 86, Mississippi St.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W	L	Pct	GB
New York	20	14	0
Philadelphia	18	16	2
Boston	17	17	3
Washington	16	18	4
New Jersey	12	24	8
Miami	10	27	10

Central Division

W	L	Pct	GB
Detroit	20	14	0
Chicago	18	16	2
Milwaukee	17	17	3
Indiana	16	18	4
Atlanta	12	24	8
Cleveland	10	27	10
Orlando	10	27	10

WESTERN CONFERENCE

Midwest Division

W	L	Pct	GB
San Antonio	21	13	0
Utah	18	16	3
Denver	17	17	4
Dallas	16	18	5
Houston	12	24	9
Minnesota	10	27	11
Charlotte	8	29	13

Pacific Division

W	L	Pct	GB
L.A. Lakers	21	13	0
Portland	18	16	3
Phoenix	17	17	4
Seattle	16	18	5
Golden State	12	24	9
L.A. Clippers	10	27	11
Sacramento	10	27	11

MONDAY'S RESULTS

W	L	Pct	GB
Atlanta	21	13	0
New York	20	14	1
Seattle	18	16	2
San Antonio	17	17	3
Phoenix	16	18	4
Golden State	12	24	9
L.A. Clippers	10	27	11
Sacramento	10	27	11

College Rankings

The Associated Press rankings (first-place votes from a panel of sportswriters and broadcasters; records through Feb. 4; total points based on 25-to-100 scale; previous rankings):

Rank	Team	Points
1	Missouri (SB)	21-1
2	Kansas (T)	20-1
3	Arkansas	19-1
4	Duke	18-1
5	Georgetown	17-1
6	Michigan	16-1
7	Connecticut	15-1
8	UNLV	14-1
9	UNLV	13-1
10	UNLV	12-1
11	UNLV	11-1
12	UNLV	10-1
13	UNLV	9-1
14	UNLV	8-1
15	UNLV	7-1
16	UNLV	6-1
17	UNLV	5-1
18	UNLV	4-1
19	UNLV	3-1
20	UNLV	2-1
21	UNLV	1-1

Selected College Scores

W	L	Pct	GB
George Washington	21	13	0
La Salle	20	14	1
St. Peter's	19	15	2
St. Joseph's	18	16	3
St. Bonaventure	17	17	4
St. Francis	16	18	5
St. Vincent	15	19	6
St. John's	14	20	7
St. Louis	13	21	8
St. Mary's	12	22	9
St. Benedict	11	23	10
St. Joseph's	10	24	11
St. Francis	9	25	12
St. Vincent	8	26	13
St. John's	7	27	14
St. Louis	6	28	15
St. Mary's	5	29	16
St. Benedict	4	30	17
St. Joseph's	3	31	18
St. Francis	2	32	19
St. Vincent	1	33	20
St. John's	0	34	21
St. Louis	0	35	22
St. Mary's	0	36	23
St. Benedict	0	37	24
St. Joseph's	0	38	25
St. Francis	0	39	26
St. Vincent	0	40	27
St. John's	0	41	28
St. Louis	0	42	29
St. Mary's	0	43	30
St. Benedict	0	44	31
St. Joseph's	0	45	32
St. Francis	0	46	33
St. Vincent	0	47	34
St. John's	0	48	35
St. Louis	0	49	36
St. Mary's	0	50	37
St. Benedict	0	51	38
St. Joseph's	0	52	39
St. Francis	0	53	40
St. Vincent	0	54	41
St. John's	0	55	42
St. Louis	0	56	43
St. Mary's	0	57	44
St. Benedict	0	58	45
St. Joseph's	0	59	46
St. Francis	0	60	47
St. Vincent	0	61	48
St. John's	0	62	49
St. Louis	0	63	50
St. Mary's	0	64	51
St. Benedict	0	65	52
St. Joseph's	0	66	53
St. Francis	0	67	54
St. Vincent	0	68	55
St. John's	0	69	56
St. Louis	0	70	57
St. Mary's	0	71	58
St. Benedict	0	72	59
St. Joseph's	0	73	60
St. Francis	0	74	61
St. Vincent	0	75	62
St. John's	0	76	63
St. Louis	0	77	64
St. Mary's	0	78	65
St. Benedict	0	79	66
St. Joseph's	0	80	67
St. Francis	0	81	68
St. Vincent	0	82	69
St. John's	0	83	70
St. Louis	0	84	71
St. Mary's	0	85	72
St. Benedict	0	86	73
St. Joseph's	0	87	74
St. Francis	0	88	75
St. Vincent	0	89	76
St. John's	0	90	77
St. Louis	0	91	78
St. Mary's	0	92	79
St. Benedict	0	93	80
St. Joseph's	0	94	81
St. Francis	0	95	82
St. Vincent	0	96	83
St. John's	0	97	84
St. Louis	0	98	85
St. Mary's	0	99	86
St. Benedict	0	100	87

